

**CITY OF WELCH**

**Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)**

**BOND TRANSCRIPT**

**Table of Contents**

**BASIC DOCUMENTS**

1. Bond Ordinance
2. Supplemental Resolution
3. Bond Purchase Agreement
4. Public Service Commission Order
5. Infrastructure Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2013 A Bonds

**OPINIONS OF COUNSEL**

9. Approving Opinion on Series 2013 A Bonds of Steptoe & Johnson, PLLC, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

**CERTIFICATES**

12. General Certificate of Issuer and Attorney
13. Certificate as to Use of Proceeds
14. Certificate of Engineer, with Schedule B Attached
15. Certificate of Certified Public Accountant

**DOCUMENTS OF THE ISSUER**

16. City Charter
17. Oaths of Office of Officers and Councilmembers
18.
  - A. Sewer Rate Ordinance
  - B. Minutes on Enactment of Sewer Rate Ordinance
  - C. Affidavit of Publication on Sewer Rate Ordinance and Notice of Public Hearing
19. Resolution on Open Governmental Proceedings Rules
20. Ordinance Creating Sanitary Board
21. Petition of Sanitary Board
22. Minutes on Enactment of Bond Ordinance, Supplemental Resolution and Sweep Resolution
23. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
24. Municipal Bond Commission New Issue Report

**MISCELLANEOUS DOCUMENTS**

25. Acceptance of Appointment as Depository Bank
26. Acceptance of Duties as Registrar
27. Certificate of Registration of Bonds
28. Registrar's Agreement
29. Evidence of Insurance
30. Closing Memorandum
31. Approval of Plans and Specifications and NPDES permit
32. Sweep Resolution
33. Consent of WDA to Issuance of Parity Bonds
34. Consent of USDA to Issuance of Parity Bonds
35. Prior Bond Ordinances
  - A. Series 1996
  - B. Series 2008 A

**CITY OF WELCH  
SEWER REVENUE BONDS, SERIES 2013 A  
(WEST VIRGINIA SRF PROGRAM)**

**BOND ORDINANCE**

**Table of Contents**

**ARTICLE I  
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01	Authority for this Ordinance
Section 1.02	Findings
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

**ARTICLE II  
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION  
OF THE PROJECT**

Section 2.01	Authorization of Acquisition and Construction of the Project
--------------	--

**ARTICLE III  
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND  
SALE OF BONDS; AUTHORIZATION AND EXECUTION  
OF BOND PURCHASE AGREEMENT**

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds FORM OF SERIES 2013 A BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement
Section 3.12	Filing of Amended Schedule

**ARTICLE IV**

**[RESERVED]**

**ARTICLE V**

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

- Section 5.01 Establishment of Funds and Accounts with Depository Bank
- Section 5.02 Establishment of Funds and Accounts with Commission
- Section 5.03 System Revenues; Flow of Funds

**ARTICLE VI**

**APPLICATION OF BOND PROCEEDS**

- Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
- Section 6.02 Disbursements of Bond Proceeds

**ARTICLE VII**

**ADDITIONAL COVENANTS OF THE ISSUER**

- Section 7.01 General Covenants of the Issuer
- Section 7.02 Bonds not to be Indebtedness of the Issuer
- Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
- Section 7.04 Rates and Charges
- Section 7.05 Sale of the System
- Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
- Section 7.07 Parity Bonds
- Section 7.08 Books; Records and Audit
- Section 7.09 Rates
- Section 7.10 Operating Budget and Monthly Financial Report
- Section 7.11 Engineering Services and Operating Personnel
- Section 7.12 No Competing Franchise
- Section 7.13 Enforcement of Collections
- Section 7.14 No Free Services
- Section 7.15 Insurance and Construction Bonds
- Section 7.16 Mandatory Connections
- Section 7.17 Completion and Operation of Project; Permits and Orders
- Section 7.18 Compliance with the Bond Purchase Agreement and the Law
- Section 7.19 Reserved
- Section 7.20 Securities Law Compliance
- Section 7.21 Contracts; Change Orders; Public Releases
- Section 7.22 Statutory Mortgage Lien

**ARTICLE VIII  
INVESTMENT OF FUNDS**

- Section 8.01 Investments
- Section 8.02 Certificate as to Use of Proceeds

**ARTICLE IX  
DEFAULT AND REMEDIES**

- Section 9.01 Events of Default
- Section 9.02 Remedies
- Section 9.03 Appointment of Receiver

**ARTICLE X  
PAYMENT OF BONDS**

- Section 10.01 Payment of Series 2013 A Bonds

**ARTICLE XI  
MISCELLANEOUS**

- Section 11.01 Amendment or Modification of Bond Legislation
  - Section 11.02 Bond Legislation Constitutes Contract
  - Section 11.03 Severability of Invalid Provisions
  - Section 11.04 Headings, Etc.
  - Section 11.05 Conflicting Provisions Repealed; Prior Ordinances
  - Section 11.06 Covenant of Due Procedure, Etc.
  - Section 11.07 Statutory Notice and Public Hearing
  - Section 11.08 Effective Date
- CERTIFICATION

**CITY OF WELCH  
BOND ORDINANCE**

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF WELCH AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF WELCH OF NOT MORE THAN \$4,200,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF 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 BOND PURCHASE 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 CITY OF WELCH:

**ARTICLE I**

**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements for the existing public sewerage system of the Issuer, consisting of elimination of combined sewer overflows in the Franklin Street, Riverside Drive, Summers Street, Southwood Area, Camper Lane, Magnolia Avenue, Edgewood Avenue, Cornell Avenue and Gibson Lane areas, and all necessary appurtenances, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer, which constitute properties for the collection, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (collectively, the

"Project") (the existing public sewerage 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 the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), all pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than \$4,200,000 in one or more series, initially planned to be the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$4,200,000 (the "Series 2013 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2013 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2013 A Bonds Reserve Account (as hereinafter defined) for the Series 2013 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, including the SRF 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 2013 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2013 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2013 A Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1996 Bonds"); and (2) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000 (the "Series 2008 A Bonds"), (collectively, the "Prior Bonds").

The Series 2013 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2013 A Bonds, the Issuer will obtain (a) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (b) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Except for the Prior Bonds the Issuer has no other bonds, notes, or other obligations secured by or payable from revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds and the Series 2013 A Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2013 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.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2013 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 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 2013 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2013 A Bonds from the Issuer by the Authority, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2013 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2013 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.

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2013 A Bonds for all or a portion of the proceeds of the Series 2013 A Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2013 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2013 A Bonds Reserve Account.

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

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

"Operation and Maintenance Fund" means the operation and maintenance fund established by Prior Ordinances.

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

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

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

"Prior Bonds" means, collectively, the Series 1996 Bonds and Series 2008 A Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" means and includes the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-

Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2013 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 1996 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000.

"Series 2008 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000.

"Series 2013 A Bonds" means the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2013 A Bonds Reserve Account" means the Series 2013 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2013 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 2013 A Bonds in the then current or any succeeding year.

"Series 2013 A Bonds Sinking Fund" means the Series 2013 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2013 A Bonds Construction Trust Fund" means the Series 2013 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2013 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2013 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2013 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2013 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the Bond Legislation or the Prior 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 sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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

## **ARTICLE II**

### **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed \$4,210,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2013 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has

received bids or will receive and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The Cost of the Project is estimated not to exceed \$4,210,000, of which approximately \$4,200,000 will be obtained from proceeds of the Series 2013 A Bonds and \$10,000 will be obtained as a contribution from the Issuer

### **ARTICLE III**

#### **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT**

Section 3.01. Authorization of Bonds. For the purposes of paying the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2013 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 2013 A Bonds of the Issuer. The Series 2013 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program)", in the principal amount of not more than \$4,200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2013 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2013 A Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2013 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2013 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 2013 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 2013 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2013 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 2013 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 Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 A Bonds are exercised, all Series 2013 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2013 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 2013 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 2013 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2013 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 2013 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 2013 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2013 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2013 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2013 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 2013 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 2013 A Bonds to the original purchasers;

- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Bond Purchase Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2013 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2013 A Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2013 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF WELCH  
SEWER REVENUE BONDS, SERIES 2013 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That on the \_\_\_ day of \_\_\_\_\_, 2013, the CITY OF WELCH, a municipal corporation and political subdivision of the State of West Virginia in McDowell County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_, to and including \_\_\_\_\_ 1, 20\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP dated \_\_\_\_\_, 2013.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2013, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2013 (collectively, the "Bond

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

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (1) SEWER REVENUE BONDS, SERIES 1996 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 25, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000 (THE "SERIES 1996 BONDS"); AND (2) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,000,000 (THE "SERIES 2008 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the Reserve Account created under the Bond Legislation for the Series 2013 A Bonds (the "Series 2013 A Bonds Reserve Account"), and unexpended proceeds of the Series 2013 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Series 2013 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2013 A Bonds including the Prior Bonds; provided however, that, so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Series 2013 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with or junior and subordinate to the Series 2013 A 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 (as defined in the Bond Legislation) by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 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: \_\_\_\_\_, 2013.

THE HUNTINGTON NATIONAL BANK  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2013 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement, and the Clerk 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.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2013 A Bonds, the form of which will be provided by the DEP, setting forth the actual Costs of the Project and sources of funds therefor.

#### **ARTICLE IV**

**[RESERVED]**

#### **ARTICLE V**

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

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior 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 Prior Ordinances);
- (2) Reserve Fund (established by Prior Ordinances for the Series 1996 Bonds);
- (3) Renewal and Replacement Fund (established by Prior Ordinances); and
- (4) Series 2013 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 (or continued if previously established by Prior Ordinances) 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 2008 A Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 2008 A Bonds Reserve Account (established by Prior Ordinances);
- (3) Series 2013 A Bonds Sinking Fund; and
- (4) Series 2013 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, each month, pay from the Revenue Fund the amount necessary to pay current Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office, the amount required by the Prior Ordinances to pay the interest on the Series 1996 Bonds.
- (3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) to the Commission, the amount required by the Prior Ordinances for payment of principal of the Series 2008 A Bonds; (ii) to the National Finance Office, the amount required by the Prior Ordinances to pay principal on the Series 1996 Bonds; and (iii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2013 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 2013 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.
- (4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Depository Bank the amount required by Prior Ordinances to be deposited in the Reserve Fund for the Series 1996 Bonds; (ii) the Commission, for deposit in the Series 2008 A Bonds Reserve Account, the amount required by the Prior Ordinances; and (iii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, if not fully funded upon issuance of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 A Bonds Reserve Requirement.

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

Monies in the Series 2013 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 A Bonds as the same shall become due. Monies in the Series 2013 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 A Bonds as the same shall come due, when other monies in the Series 2013 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and the Series 2013 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 2013 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 2013 A Bonds, if any, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2013 A Bonds Reserve Account which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2013 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2013 A Bonds Sinking Fund or the Series 2013 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2013 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue, if any, until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2013 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 2013 A Bonds Sinking Fund and the Series 2013 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. 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 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 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 2013 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. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Bond Purchase Agreement for the Series 2013 A Bonds.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, 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 Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2013 A Bonds and the Prior Bonds all in accordance with the respective principal amounts Outstanding before being applied to any other payments hereunder.

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

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

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

## **ARTICLE VI**

### **APPLICATION OF BOND PROCEEDS**

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.  
From the monies received from the sale of the Series 2013 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2013 A Bonds, there shall first be deposited with the Commission in the Series 2013 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2013 A Bonds, there shall be deposited with the Commission in the Series 2013 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2013 A Bonds Reserve Account.

C. As the Issuer receives advances of the monies derived from the sale of the Series 2013 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2013 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 2013 A Bonds.

D. 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 2013 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2013 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2013 A Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2013 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule; and

Pending such application, monies in the Series 2013 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## **ARTICLE VII**

### **ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 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 2013 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 2013 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2013 A Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose

such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted March 31, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2013 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 Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2013 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Bond Purchase 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 Bond Purchase 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.

So long as the Series 2013 A Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2013 A Bonds Sinking Fund, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2013 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Revenue Fund for repayment of the Bonds. The payment of such proceeds into the Revenue Fund shall not reduce the amounts required to be paid into such account by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2013 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2013 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 2013 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 2013 A Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior 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 2013 A Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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

So long as the Series 1996 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk 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 Ordinance 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 Holders of the Series 1996 Bonds, representing 75% of the then-Outstanding principal indebtedness.

So long as the Series 2008 A Bonds or the Series 2013 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior 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 Clerk prior to the issuance of such Parity Bonds.

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

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

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

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior 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 designing, acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the design, acquisition, construction and installation of the Project; the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of

West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2013 A Bonds and shall mail in each year to any Holder or Holders of the Series 2013 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 (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2013 A Bonds and shall submit the report to the Authority and the DEP or any other original purchaser of the Series 2013 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and Bond Purchase 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 Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Bond Purchase Agreement for the Series 2013 A Bonds or any Exhibit thereto or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2013 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 Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to meet the coverage requirements set forth in the Prior Ordinances so long as the Prior Bonds are Outstanding and thereafter, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2013 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 Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2013 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, if any, on the Series 2013 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2013 A Bonds.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof.

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 Bond Purchase Agreement, and forward a copy of such report to the Authority and the DEP by the 20th 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 Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement for the Series 2013 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations

promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2013 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.
- (2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily

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

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building

located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2013 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I) and the Issuer shall supply an opinion of counsel to such effect.

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the Public Service Commission.

Section 7.19. [RESERVED].

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

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2013 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2013 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 DEP before expending any proceeds of the Series 2013 A Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 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 2013 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**

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably

requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 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 2013 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2013 A Bonds as a condition to issuance of the Series 2013 A 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 2013 A Bonds as may be necessary in order to maintain the status of the Series 2013 A 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 2013 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2013 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2013 A 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 2013 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2013 A Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2013 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2013 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a 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 Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due; (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Bondholders including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System; (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners or Bondholders of the Bonds; and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2013 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 Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers herein above conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the

jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

## **ARTICLE X**

### **PAYMENT OF BONDS**

Section 10.01. Payment of Series 2013 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2013 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2013 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2013 A Bonds from gross income for federal income tax purposes.

## **ARTICLE XI**

### **MISCELLANEOUS**

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2013 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 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 2013 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2013 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2013 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 2013 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, if any, on the Series 2013 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 2013 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 Clerk 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.

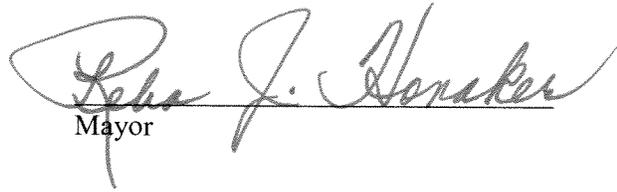
Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Welch News*, a newspaper of general circulation in the City of Welch, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2013 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.

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

Passed on First Reading: January 7, 2013

Passed on Second Reading: February 4, 2013

Passed on Final Reading  
Following Public Hearing: March 4, 2013

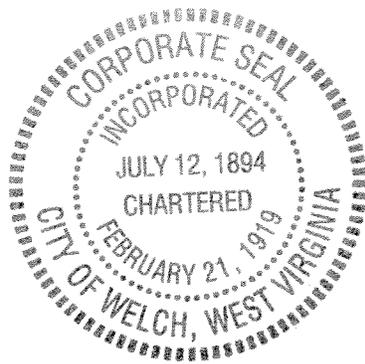
  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the CITY OF WELCH on the 4th day of March, 2013.

Dated: May 6, 2013.

[SEAL]



*Robin G. Lee*  
Clerk

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF WELCH; APPROVING AND RATIFYING THE BOND PURCHASE 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 City council (the "Governing Body") of the City of Welch (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a Bond Ordinance, effective March 4, 2013 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF WELCH AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF WELCH OF NOT MORE THAN \$4,200,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF 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 BOND PURCHASE 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 the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program) in an aggregate principal amount not to exceed \$4,200,000 (the "Series 2013 A Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a Bond Purchase Agreement relating to the Series 2013 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Bond Purchase 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 2013 A Bonds should be established by a supplemental resolution pertaining to the Series 2013 A Bonds; and that other matters relating to the Series 2013 A Bonds be herein provided for;

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

WHEREAS, the Series 2013 A Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2013 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2013 A Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WELCH:

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 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of \$4,044,246. The Series 2013 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2053 and shall bear no interest. The principal of the Series 2013 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2015, to and including March 1, 2053 and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2013 A Bonds. The Series 2013 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the Registered Owner of the Series 2013 A Bonds. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2015 as set forth on Schedule Y attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Series 2013 A Bonds and the text of each series of the Series 2013 A Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase 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 Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Series 2013 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2013 A 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 2013 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 2013 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 2013 A Bonds under the Bond Ordinance.

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

Section 7. Series 2013 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2013 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2013 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2013 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2013 A Bonds shall be deposited in or credited to the Series 2013 A Bonds Construction Trust Fund for payment of the Costs of the Project, including, without limitation, costs of issuance of the Series 2013 A Bonds and related costs.

Section 10. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2013 A Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2013 A Bonds may be delivered on or about May 6, 2013, to the Authority pursuant to the Bond Purchase Agreement.

Section 11. The Sanitary Board is hereby authorized to approve invoices relating to the Project.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2013 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 13. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

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

[Remainder of Page Intentionally Blank]

Adopted this 24th day of April, 2013.



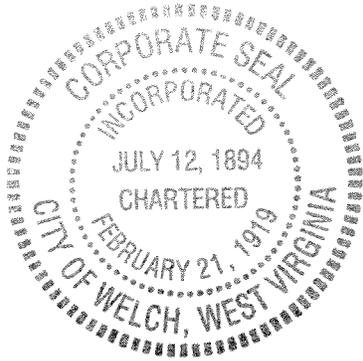
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Welch on the 24th day of April, 2013.

Dated: May 6, 2013.

[SEAL]



*Rollin G. Lee*  
Clerk

SRF-BPA-1  
(09/12)

BOND PURCHASE AGREEMENT

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

CITY OF WELCH  
(2012S-1324/ C544375-0)  
(Local Government)

W I T N E S S E T H:

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

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

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

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the “Application”), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the “disadvantaged community” provisions of the SRF Regulations.

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

## ARTICLE I

### Definitions

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

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

1.3 “Decentralized System” means wastewater treatment systems that treat wastewater, then reusing and/or dispersing the reclaimed water, as close to where it is generated as practical in each circumstance. A Decentralized System may include: on-site systems contained entirely within the simple boundaries of the lot it serves; small-scale collective systems, with their reuse/dispersal sites on easements on the lots served, on vacant lots purchased for this purpose, on off-site properties, or a combination of these; larger scale collective systems utilizing dispersed or aggregated reuse/dispersal sites or discharging to surface water.

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

1.5 “Local Bonds” means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Bond Purchase Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20<sup>th</sup> of each month to the DEP and the Authority.

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

### ARTICLE III

#### Conditions to Purchase of Local Bonds;

#### Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

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

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

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

#### ARTICLE IV

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

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

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

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

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

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, 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 Bond Purchase Agreement, the Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

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

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

## ARTICLE VI

### Other Agreements of the Local Government

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

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

6.7 The Local Government hereby agrees to file with the Authority and DEP upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

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

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

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

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

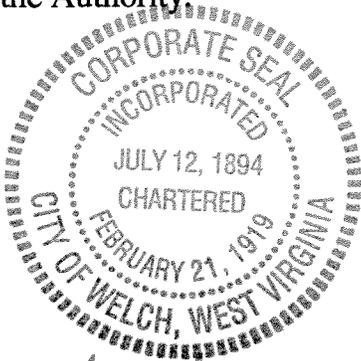
(ii) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being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

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

(SEAL)

Attest:

Robin G. Lee  
Its: Clerk



CITY OF WELCH

By: [Signature]  
Its: Mayor  
Date: May 6, 2013

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

By: [Signature]  
Its: Director  
Date: May 6, 2013

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Sheila A. Miller  
Its: Authorized Officer

By: [Signature]  
Its: Executive Director  
Date: May 6, 2013

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

**EXHIBIT B**

**MONTHLY FINANCIAL REPORT**

**Name of Local Government** \_\_\_\_\_  
**Name of Bond Issue(s)** \_\_\_\_\_  
**Type of Project** \_\_\_\_\_ **Water** \_\_\_\_\_ **Wastewater** \_\_\_\_\_  
**Fiscal Year** \_\_\_\_\_ **Report Month** \_\_\_\_\_

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

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

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Telephone**

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

**The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20<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 C**

**PAYMENT REQUISITION FORM**

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the schematic design for the Project began [before July 1, 2012], (iii) 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; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule

attached hereto as Exhibit A, and my firm<sup>1</sup> has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) 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 Bond Purchase Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xii) the Project design was performed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xiii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve \_\_\_\_\_ new customers in the \_\_\_\_\_ area.

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

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

[SEAL]

\_\_\_\_\_  
<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 \_\_\_\_\_, 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 E

### SPECIAL CONDITIONS

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

B. **ASSET MANAGEMENT** – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

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

D. **POST CLOSING REQUIREMENTS** – DEP must pre-approve the Contract 8D Change Order and receive an acceptable Final Title Opinion for the contract area prior to the Change Order's execution.

EXHIBIT F

MONTHLY PAYMENT FORM

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$\_\_\_\_\_

Principal \$\_\_\_\_\_

Total: \$\_\_\_\_\_

Reserve Account: \$\_\_\_\_\_

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

[Name of Local Government]

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

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority  
1009 Bullitt Street  
Charleston, WV 25301

West Virginia Department of Environmental Protection  
601 57<sup>th</sup> Street  
Charleston, WV 25304

Ladies and Gentlemen:

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

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

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

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

(collectively, the “Local Act”), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Series A Bonds (CWSRF Base Program)	
Principal Amount of Local Bonds	\$4,044,246
Purchase Price of Local Bonds	\$4,044,246

The Local Bonds shall bear no interest. Commencing June 1, 2015, principal of the Local Bonds is payable quarterly, with an administrative fee of .5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of Proposed New Customers to Be Served: 0  
Location: Franklin St., Riverside Dr., Summer St. and Southwood area

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

- (1) City of Welch Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000; and
- (2) City of Welch Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000.

**SCHEDULE Y**  
**DEBT SERVICE SCHEDULE**

<b>Bond Debt Service</b>					
City of Welch					
CW State Revolving Fund					
\$4,044,246					
40 Years from Closing Date					
0% Interest Rate, 0.5% Administrative Fee					
			Dated Date	5/6/2013	
			Delivery Date	5/6/2013	
Period Ending	Principal	Interest	Debt Service	Administrative Fee	Total Quarterly Repayment due
6/1/2015	26,607		26,607	2,544.28	29,151.28
9/1/2015	26,607		26,607	2,544.28	29,151.28
12/1/2015	26,607		26,607	2,544.28	29,151.28
3/1/2016	26,607		26,607	2,544.28	29,151.28
6/1/2016	26,607		26,607	2,544.28	29,151.28
9/1/2016	26,607		26,607	2,544.28	29,151.28
12/1/2016	26,607		26,607	2,544.28	29,151.28
3/1/2017	26,607		26,607	2,544.28	29,151.28
6/1/2017	26,607		26,607	2,544.28	29,151.28
9/1/2017	26,607		26,607	2,544.28	29,151.28
12/1/2017	26,607		26,607	2,544.28	29,151.28
3/1/2018	26,607		26,607	2,544.28	29,151.28
6/1/2018	26,607		26,607	2,544.28	29,151.28
9/1/2018	26,607		26,607	2,544.28	29,151.28
12/1/2018	26,607		26,607	2,544.28	29,151.28
3/1/2019	26,607		26,607	2,544.28	29,151.28
6/1/2019	26,607		26,607	2,544.28	29,151.28
9/1/2019	26,607		26,607	2,544.28	29,151.28
12/1/2019	26,607		26,607	2,544.28	29,151.28
3/1/2020	26,607		26,607	2,544.28	29,151.28
6/1/2020	26,607		26,607	2,544.28	29,151.28
9/1/2020	26,607		26,607	2,544.28	29,151.28
12/1/2020	26,607		26,607	2,544.28	29,151.28
3/1/2021	26,607		26,607	2,544.28	29,151.28
6/1/2021	26,607		26,607	2,544.28	29,151.28
9/1/2021	26,607		26,607	2,544.28	29,151.28
12/1/2021	26,607		26,607	2,544.28	29,151.28
3/1/2022	26,607		26,607	2,544.28	29,151.28
6/1/2022	26,607		26,607	2,544.28	29,151.28
9/1/2022	26,607		26,607	2,544.28	29,151.28
12/1/2022	26,607		26,607	2,544.28	29,151.28
3/1/2023	26,607		26,607	2,544.28	29,151.28
6/1/2023	26,607		26,607	2,544.28	29,151.28
9/1/2023	26,607		26,607	2,544.28	29,151.28
12/1/2023	26,607		26,607	2,544.28	29,151.28
3/1/2024	26,607		26,607	2,544.28	29,151.28
6/1/2024	26,607		26,607	2,544.28	29,151.28
9/1/2024	26,607		26,607	2,544.28	29,151.28
12/1/2024	26,607		26,607	2,544.28	29,151.28
3/1/2025	26,607		26,607	2,544.28	29,151.28
6/1/2025	26,607		26,607	2,544.28	29,151.28
9/1/2025	26,607		26,607	2,544.28	29,151.28

Bond Debt Service					
City of Welch					
CW State Revolving Fund					
\$4,044,246					
40 Years from Closing Date					
0% Interest Rate, 0.5% Administrative Fee					
Period Ending	Principal	Interest	Debt Service	Administrative Fee	Total Quarterly Repayment due
12/1/2025	26,607		26,607	2,544.28	29,151.28
3/1/2026	26,607		26,607	2,544.28	29,151.28
6/1/2026	26,607		26,607	2,544.28	29,151.28
9/1/2026	26,607		26,607	2,544.28	29,151.28
12/1/2026	26,607		26,607	2,544.28	29,151.28
3/1/2027	26,607		26,607	2,544.28	29,151.28
6/1/2027	26,607		26,607	2,544.28	29,151.28
9/1/2027	26,607		26,607	2,544.28	29,151.28
12/1/2027	26,607		26,607	2,544.28	29,151.28
3/1/2028	26,607		26,607	2,544.28	29,151.28
6/1/2028	26,607		26,607	2,544.28	29,151.28
9/1/2028	26,607		26,607	2,544.28	29,151.28
12/1/2028	26,607		26,607	2,544.28	29,151.28
3/1/2029	26,607		26,607	2,544.28	29,151.28
6/1/2029	26,607		26,607	2,544.28	29,151.28
9/1/2029	26,607		26,607	2,544.28	29,151.28
12/1/2029	26,607		26,607	2,544.28	29,151.28
3/1/2030	26,607		26,607	2,544.28	29,151.28
6/1/2030	26,607		26,607	2,544.28	29,151.28
9/1/2030	26,607		26,607	2,544.28	29,151.28
12/1/2030	26,607		26,607	2,544.28	29,151.28
3/1/2031	26,607		26,607	2,544.28	29,151.28
6/1/2031	26,607		26,607	2,544.28	29,151.28
9/1/2031	26,607		26,607	2,544.28	29,151.28
12/1/2031	26,607		26,607	2,544.28	29,151.28
3/1/2032	26,607		26,607	2,544.28	29,151.28
6/1/2032	26,607		26,607	2,544.28	29,151.28
9/1/2032	26,607		26,607	2,544.28	29,151.28
12/1/2032	26,607		26,607	2,544.28	29,151.28
3/1/2033	26,607		26,607	2,544.28	29,151.28
6/1/2033	26,607		26,607	2,544.28	29,151.28
9/1/2033	26,607		26,607	2,544.28	29,151.28
12/1/2033	26,607		26,607	2,544.28	29,151.28
3/1/2034	26,607		26,607	2,544.28	29,151.28
6/1/2034	26,607		26,607	2,544.28	29,151.28
9/1/2034	26,607		26,607	2,544.28	29,151.28
12/1/2034	26,607		26,607	2,544.28	29,151.28
3/1/2035	26,607		26,607	2,544.28	29,151.28
6/1/2035	26,607		26,607	2,544.28	29,151.28
9/1/2035	26,607		26,607	2,544.28	29,151.28
12/1/2035	26,607		26,607	2,544.28	29,151.28
3/1/2036	26,607		26,607	2,544.28	29,151.28
6/1/2036	26,607		26,607	2,544.28	29,151.28
9/1/2036	26,607		26,607	2,544.28	29,151.28
12/1/2036	26,607		26,607	2,544.28	29,151.28
3/1/2037	26,607		26,607	2,544.28	29,151.28

<b>Bond Debt Service</b>					
City of Welch					
CW State Revolving Fund					
\$4,044,246					
40 Years from Closing Date					
0% Interest Rate, 0.5% Administrative Fee					
<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Administrative Fee</b>	<b>Total Quarterly Repayment due</b>
6/1/2037	26,607		26,607	2,544.28	29,151.28
9/1/2037	26,607		26,607	2,544.28	29,151.28
12/1/2037	26,607		26,607	2,544.28	29,151.28
3/1/2038	26,607		26,607	2,544.28	29,151.28
6/1/2038	26,607		26,607	2,544.28	29,151.28
9/1/2038	26,607		26,607	2,544.28	29,151.28
12/1/2038	26,607		26,607	2,544.28	29,151.28
3/1/2039	26,607		26,607	2,544.28	29,151.28
6/1/2039	26,607		26,607	2,544.28	29,151.28
9/1/2039	26,607		26,607	2,544.28	29,151.28
12/1/2039	26,607		26,607	2,544.28	29,151.28
3/1/2040	26,607		26,607	2,544.28	29,151.28
6/1/2040	26,607		26,607	2,544.28	29,151.28
9/1/2040	26,607		26,607	2,544.28	29,151.28
12/1/2040	26,607		26,607	2,544.28	29,151.28
3/1/2041	26,607		26,607	2,544.28	29,151.28
6/1/2041	26,607		26,607	2,544.28	29,151.28
9/1/2041	26,607		26,607	2,544.28	29,151.28
12/1/2041	26,607		26,607	2,544.28	29,151.28
3/1/2042	26,607		26,607	2,544.28	29,151.28
6/1/2042	26,607		26,607	2,544.28	29,151.28
9/1/2042	26,607		26,607	2,544.28	29,151.28
12/1/2042	26,607		26,607	2,544.28	29,151.28
3/1/2043	26,607		26,607	2,544.28	29,151.28
6/1/2043	26,607		26,607	2,544.28	29,151.28
9/1/2043	26,607		26,607	2,544.28	29,151.28
12/1/2043	26,607		26,607	2,544.28	29,151.28
3/1/2044	26,607		26,607	2,544.28	29,151.28
6/1/2044	26,607		26,607	2,544.28	29,151.28
9/1/2044	26,607		26,607	2,544.28	29,151.28
12/1/2044	26,607		26,607	2,544.28	29,151.28
3/1/2045	26,607		26,607	2,544.28	29,151.28
6/1/2045	26,607		26,607	2,544.28	29,151.28
9/1/2045	26,607		26,607	2,544.28	29,151.28
12/1/2045	26,607		26,607	2,544.28	29,151.28
3/1/2046	26,607		26,607	2,544.28	29,151.28
6/1/2046	26,607		26,607	2,544.28	29,151.28
9/1/2046	26,607		26,607	2,544.28	29,151.28
12/1/2046	26,607		26,607	2,544.28	29,151.28
3/1/2047	26,607		26,607	2,544.28	29,151.28
6/1/2047	26,607		26,607	2,544.28	29,151.28
9/1/2047	26,607		26,607	2,544.28	29,151.28
12/1/2047	26,607		26,607	2,544.28	29,151.28
3/1/2048	26,607		26,607	2,544.28	29,151.28
6/1/2048	26,607		26,607	2,544.28	29,151.28
9/1/2048	26,606		26,606	2,544.28	29,150.28

<b>Bond Debt Service</b> <b>City of Welch</b> <b>CW State Revolving Fund</b> <b>\$4,044,246</b> <b>40 Years from Closing Date</b> <b>0% Interest Rate, 0.5% Administrative Fee</b>					
<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Administrative Fee</b>	<b>Total Quarterly Repayment due</b>
12/1/2048	26,606		26,606	2,544.28	29,150.28
3/1/2049	26,606		26,606	2,544.28	29,150.28
6/1/2049	26,606		26,606	2,544.28	29,150.28
9/1/2049	26,606		26,606	2,544.28	29,150.28
12/1/2049	26,606		26,606	2,544.28	29,150.28
3/1/2050	26,606		26,606	2,544.28	29,150.28
6/1/2050	26,606		26,606	2,544.28	29,150.28
9/1/2050	26,606		26,606	2,544.28	29,150.28
12/1/2050	26,606		26,606	2,544.28	29,150.28
3/1/2051	26,606		26,606	2,544.28	29,150.28
6/1/2051	26,606		26,606	2,544.28	29,150.28
9/1/2051	26,606		26,606	2,544.28	29,150.28
12/1/2051	26,606		26,606	2,544.28	29,150.28
3/1/2052	26,606		26,606	2,544.28	29,150.28
6/1/2052	26,606		26,606	2,544.28	29,150.28
9/1/2052	26,606		26,606	2,544.28	29,150.28
12/1/2052	26,606		26,606	2,544.28	29,150.28
3/1/2053	26,607		26,607	2,544.28	29,151.28
	4,044,246		4,044,246	386,730.56	4,430,976.56

The Quarterly Administrative fee of \$2,544.28 results in a total administrative expense of \$386,730.56 over the life of the loan

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 15<sup>th</sup> day of April 2013.

CASE NO. 12-1651-S-CN

CITY OF WELCH

Application for a certificate of convenience and necessity to construct, own and operate improvements to the existing wastewater distribution system at Welch, McDowell County.

**COMMISSION ORDER**  
**WAIVING EXCEPTION PERIOD**

On April 8, 2013, the Administrative Law Judge entered a Recommended Decision that granted a certificate of convenience and necessity to the City of Welch (Welch) to construct, own and operate improvements to its existing wastewater distribution system (Project), to become effective on and after the date that the Recommended Decision becomes a final order of the Commission.

On April 11, 2013, Welch filed a petition to waive the fifteen-day period of time in which a party may file exceptions to the Recommended Decision in this proceeding, as provided in W. Va. Code §24-1-9, so that it can close on the Project financing and award a contract for the Project as soon as practical.

Staff has indicated it does not intend to file exceptions in this case. There are no other parties in this case.

IT IS THEREFORE ORDERED that the requested waiver is granted.

IT IS FURTHER ORDERED that the Administrative Law Judge April 8, 2013 Recommended Decision in this case becomes final as of the date of this Order.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order by electronic service on all parties of record who have filed an e-service agreement, and by United States First Class Mail on all parties or record who have not filed an e-service agreement, and Commission Staff by hand delivery.

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

SS/kc  
121651sb.doc



**STEP TOE &  
JOHNSON**  
P L L C  
ATTORNEYS AT LAW

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

Writer's Contact Information  
(304) 353-8196 – Telephone  
(304) 353-8180 – Facsimile  
John.stump@step toe-johnson.com

April 15, 2013

*Via Hand Delivery*

Sandra Squire, *Executive Secretary*  
Public Service Commission of West Virginia  
201 Brooks Street  
Charleston, West Virginia 25323

04:36 PM APR 15 2013 PSC EXEC SEC DD

Case No.: 12-1651-S-CN

**CITY OF WELCH**

Application for a certificate of convenience and necessity to construct, own and operate improvements to the existing wastewater distribution system at Welch, McDowell County.

Dear Ms. Squire:

Enclosed herein for filing on behalf of the City of Welch, please find an affidavit by the City's certified public accountant.

Please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, I ask that you date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,

  
John C. Stump  
(W. V. State Bar No. 6385)

Enclosures



PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

CASE NO.: 12-1651-S-CN

CITY OF WELCH

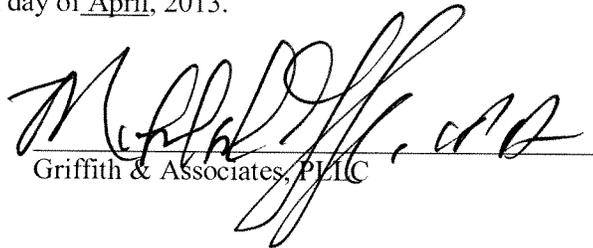
STATE OF WEST VIRGINIA  
COUNTY OF LINCOLN, TO-WIT:

**AFFIDAVIT**

We have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 12-1651-S-CN entered April 8, 2013 approving the financing consisting of a WVDEP SRF loan in the amount of \$4,054,347 for a term of 40 years at 0% interest and an administrative fee of 0.5%.

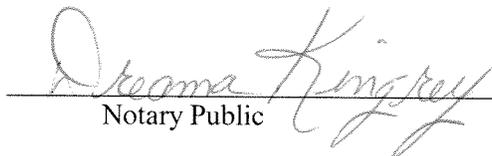
Based upon all the information that has been provided, to date, we are of the opinion that the rates and charges are not affected by the revised funding consisting of a WVDEP SRF loan in the amount of \$4,044,246 for a term of 40 years at 0% interest and an administrative fee of 0.5% and a \$10,000 contribution from the City.

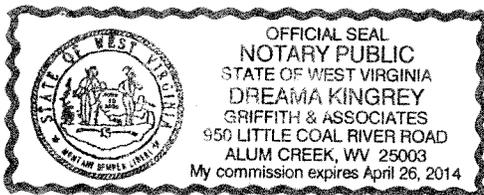
This Affidavit is executed on the 15th day of April, 2013.

  
Griffith & Associates, PLLC

Taken, subscribed and sworn to before me this 15th day of April, 2013.

My commission expires April 26, 2014.

  
Notary Public



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: April 8, 2013

CASE NO. 12-1651-S-CN

CITY OF WELCH

Application for a certificate of convenience and necessity to construct, own and operate improvements to its existing wastewater distribution system at Welch, McDowell County.

RECOMMENDED DECISION

This Order grants the certificate of convenience and necessity and approves the financing related thereto.

PROCEDURE

On December 17, 2012, the City of Welch (City) filed an application for a certificate of convenience and necessity to construct, own and operate improvements to its existing wastewater distribution system at Welch, McDowell County. The project will install a new gravity sewer collection system which will serve 77 existing customers. The project will eliminate the discharge of sewage into streams in the vicinity of Welch, West Virginia. The estimated cost of construction is \$4,044,347 and will be financed by a proposed State Revolving Fund (SRF) loan through the West Virginia Department of Environmental Protection (WVDEP) for a term of 40 years at 0% interest and an annual 0.5% administrative fee. No rate increase was proposed in connection with the project.

By Commission Order dated December 17, 2012, the City was required to publish a copy of the Notice of Filing once in a qualified newspaper, as provided in W Va. Code §59-3-1, et seq., published and of general circulation in McDowell County, making due return to the Commission of proper certification of publication within thirty (30) days from the date of publication.

By Commission Order dated December 18, 2012, the City was required to publish a copy of the Revised Notice of Filing once in a qualified newspaper, as provided in W. Va. Code §59-3-1, et seq., published and of general circulation in McDowell County, making due return to the Commission of proper certification of publication within thirty (30) days from the date of publication.

By Commission Order dated January 2, 2013, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before May 1, 2013, if there has

MKN

been no substantial protest to the application within thirty (30) days after the required notice has been provided. If a substantial protest is received within thirty (30) days after the required notice has been provided, the decision due date for the Division of Administrative Law Judges shall be on or before May 31, 2013.

On January 9, 2013, the City filed the Affidavit of Publication from the Welch News which indicated that the Revised Notice of Filing had been published on December 28, 2012.

On January 18, 2013, Staff Attorney Lucas Head filed the Initial Joint Staff Memorandum to which was attached the January 9, 2013 Utilities and Engineering Divisions Initial Memorandum prepared by Pete Lopez, Utilities Analyst II, Utilities Division, and James Spurlock, Technical Analyst II, Engineering Division. Staff reported that the funding commitment letter(s) for the financing of the project were not included in the filing. Staff indicated that the actual project amount to be financed needed clarification. Staff also indicated that a timely final recommendation would be filed.

On January 25, 2013, the City filed a binding commitment letter from the WVDEP for a loan in the amount of \$4,054,347, at 0% interest with an annual administrative fee of 0.5% for a term of 40 years (38 year payback).

By Procedural Order dated February 20, 2013, Staff was required to file its final substantive recommendations on or before March 18, 2013. The City was also required to request a hearing or file a response or objections, if any, to Staff's final substantive recommendations on or before March 28, 2013.

On March 18, 2013, Staff Attorney Head filed the Final Joint Staff Memorandum to which was attached the March 8, 2013 Utilities and Engineering Divisions Final Recommendation prepared by Mr. Lopez and Mr. Spurlock. Staff reported that the City had filed an application for a certificate of convenience and necessity to construct certain additions and improvements to the City's existing sewage system which included replacement of existing sewer line in the Quality Hill area of the City. No rate increase was requested. The project had been accepted by the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in Project No. 2012S-1313 (Contract 8B) and Project No. 2012S-1324 (Contract 8C). The City is under a Federal Consent Decree to eliminate all of the combined sewer overflows (CSOs) from its sewer system and requested expeditious treatment of its application.

Staff reported that the instant project is part of an ongoing construction program by the City to reduce inflow and infiltration into the City's sewer system and to eliminate combined sewage overflows. The City is under a Consent Decree to make such improvements. The project is designed to eliminate five (5) combined sewer overflows from the City's sewer system. The new sewer line consists of 6,908 feet of 8-inch sewer line, 75 manholes and the reconnection of 77 existing customers. Staff opined that the estimated project cost of \$4,054,347, is reasonable and will cost \$4,383 per customer for 925 existing customers, one of which is a federal prison with 1,424 inmates. Engineering costs for the project total \$553,068, or 17.7% of the construction cost of \$3,121,712, which Staff reported was consistent with the guidelines for the American

Society of Civil Engineers. The City has received all necessary permits for the project. Staff's review of the plans and specifications did not reveal any conflicts with the Commission's rules and regulations.

The project cost of \$4,054,347 is to be entirely funded by a West Virginia Department of Environmental Protection (WVDEP) State Revolving fund (SRF) loan at 0% interest and an administrative fee of 0.5% for a term of 40 years. The City has provided a commitment letter from DEP for the SRF loan in the amount of \$4,054,347. The City proposed no rate increase associated with the project. The City projected an annual surplus of \$161,440 and debt service coverage of 191.87% at pro forma. Staff's review, which included adjustments, results in a total cash surplus of \$150,898 and 149.38% debt service coverage at the completion of the project which is sufficient to meet the bond coverage requirement of 115%.

Staff recommended that the City's application for a certificate of convenience and necessity to construct certain additions and improvements to its existing collection system, as more completely described in the application, and in the amount of \$4,054,347, be approved. Staff also recommended that project financing, consisting of a WVDEP SRF loan in the amount of \$4,054,347, for 40 years at 0% interest and an administrative fee of 0.5% be approved.

On March 21, 2013, the City filed a letter and indicated that it was in agreement with Staff's recommendations. The City requested that the final certificate be issued within the next 20 days.

As of the date of this Order, no protests have been filed.

#### DISCUSSION

The instant project is proposed, as part of an ongoing construction program, to reduce inflow and infiltration into the City's wastewater system and eliminate combined sewage overflows. The project will eliminate the discharge of sewage into streams in the vicinity of Welch, West Virginia. The City is under a Consent Decree by the U. S. Environmental Protection Agency to make improvements to its wastewater system. It is reasonable to conclude that the public convenience and necessity require the issuance of a certificate of convenience and necessity to remedy these problems.

#### FINDINGS OF FACT

1. On December 17, 2012, the City of Welch filed an application for a certificate of convenience and necessity to construct, own and operate improvements to its existing wastewater distribution system at Welch, McDowell County. The estimated cost of construction is \$4,044,347 and will be financed by a proposed State Revolving Fund loan through the West Virginia Department of Environmental Protection for a term of 40 years at 0% interest and an annual 0.5% administrative fee. No rate increase was proposed in connection with the project. (See, filings dated December 17, 2012, and January 25, 2013).

2. The City submitted the Affidavit of Publication reflecting that the Revised Notice of Filing had been published on December 28, 2012, in the Welch News, a qualified newspaper, published and of general circulation in McDowell County. (See, filing dated on January 9, 2013).

3. As of the date of this Order, no protests have been filed. (See, case file generally).

4. The project will install a new gravity sewer collection system which will serve 77 existing customers. The project will eliminate the discharge of sewage into streams in the vicinity of Welch, West Virginia. (See, filing dated December 17, 2012; Staff Report filed March 18, 2013).

5. Commission Staff recommended, *inter alia*, pursuant to West Virginia Code §24-2-11, that the City's application for a certificate of convenience and necessity to construct, at a cost of \$4,054,347, certain additions and improvements to its existing collection system be approved. (See, Staff Report filed March 18, 2013).

6. Commission Staff also recommended that project financing, consisting of a WV DEP SRF loan in the amount of \$4,054,347 for 40 years at 0% interest and a 0.5% administrative fee be approved. (See, Staff Report filed March 18, 2013).

7. The City agrees with Commission Staff's final recommendations. (See, filing dated March 21, 2013).

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the City of Welch for the construction, operation and maintenance of improvements to its sewer system in McDowell County. Approval is contingent upon the filing of any outstanding permits and clearances.

2. It is reasonable to approve the financing for the project, which consists of a WVDEP SRF loan in the amount of \$4,054,347 for 40 years at 0% interest and a 0.5% administrative fee.

3. No protests were filed in the matter and the City agrees with Commission Staff's final recommendations. No public hearing on the application is warranted.

#### ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on December 17, 2012, by the City of Welch to construct, own and operate improvements to its existing wastewater distribution system, be, and hereby is, granted, without specifically approving the plans and specifications thereof.

IT IS FURTHER ORDERED that the proposed financing for the project, consisting of a WVDEP SRF loan in the amount of \$4,054,347 for a term of 40 years at 0% interest and an administrative fee of 0.5%, be, and hereby is, approved.

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

IT IS FURTHER ORDERED that, if there are any changes in project costs which do not affect rates, the City of Welch file herein an affidavit duly executed by a certified public accountant verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that the City of Welch submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the City of Welch submit to the Commission the project engineer's certificate of substantial completion and inspection of the project as soon as it is received.

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

IT IS FURTHER ORDERED that the City of Welch submit all permits as soon as they are issued by governmental agencies prior to commencing construction.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

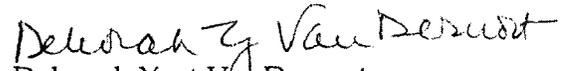
The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

  
Deborah Yost VanDervort  
Administrative Law Judge

DYV:s:cdk  
121651aa.docx

# City Of Welch

Welch Municipal Building ● 88 Howard St. ● Welch, WV 24801 ● (340) 436-3113 ● Fax (304) 436-2546

January 8, 2013

Ms. Sandra Squire, Executive Secretary  
Public Service Commission of West Virginia  
201 Brooks Street  
Charleston, WV 25323

RECEIVED  
13 JAN -9 AM 8:48  
W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

Re: Welch Sanitary Board

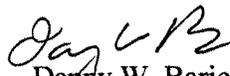
Case No. 12-1651-S-CN

Dear Ms. Squire:

Enclosed please find 13 copies of the Legal Notice and Affidavit of Publication of the Revised Commission Order and Revised Notice of Filing. As indicated in the Affidavit this notice was filed one in the December 28, 2012 issue of the Welch News, Welch, West Virginia

Should you have any questions or concerns, do not hesitate to contact me.

Sincerely yours,

  
Danny W. Barie

DWB/db  
Enclosures  
cc:

Reba J. Honaker, Mayor of Welch, Princeton Sanitary Board  
Robin G. Lee, City Clerk  
Ed Shutt, P.E. - Stafford Consultants Incorporated (via e-mail)  
David Cole, Director - Region I (via e-mail)  
Michael D. Griffith, CPA, AFI - Griffith Associates, PLLC (via e-mail)

**AFFIDAVIT OF PUBLICATION:**

State of West Virginia  
County of McDowell, to wit:

I, Thomas Molin, being first duly sworn upon my oath, do depose and say that I am the Legal Editor of the Welch News, Inc., a corporation, publisher of the newspaper entitled The Welch News, a Republican newspaper; that I have duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published 3 times a week except weekends and holidays, for at least fifty weeks during the calendar year, in the Municipality of Welch, McDowell County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and McDowell County, West Virginia; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Case No. 12-1651-S-CN

City of Welch

Welch, WV 24801

was duly published in said newspaper once a week for 1 successive weeks, (Class I), commencing with the issue of the 28 day of Dec., 20 12, and ending with the issue of the 28 day of Dec., 20 12 (and was posted at the (if required)

\_\_\_\_\_ on the day of \_\_\_\_\_, 20\_\_\_\_ that said annexed notice was published on the following dates: 12/28/12

and that the cost of publishing said annexed notice as aforesaid was \$ 250.79

Thomas Molin  
Thomas Molin, Legal Editor  
The Welch News

Taken subscribed and sworn to before me in my said county this 3 day of Jan., 20 13

Lushi A. Riddell  
Notary Public, State of West Virginia

RECEIVED  
13 JAN -9 AM 8:48  
WVA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Filed by the Public Service Commission of West Virginia, in the City of Charleston on the 18th day of December, 2012.

Case No. 12-1651-S-CN  
City of Welch

Application for a license to sell and distribute in the State of West Virginia, a newspaper entitled "The Welch News, Inc." published by Thomas Molin, Legal Editor, The Welch News, Inc., a corporation, publisher of the newspaper entitled "The Welch News, a Republican newspaper." The newspaper is published in the Municipality of Welch, McDowell County, West Virginia. The newspaper is a newspaper of "general circulation" as defined in Article Three, Chapter Fifty-Nine of the Code of West Virginia, 1931, as amended. The newspaper is circulated to the general public at a definite price or consideration. The newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices. The newspaper is published in the Municipality of Welch, McDowell County, West Virginia. The newspaper is a newspaper of "general circulation" as defined in Article Three, Chapter Fifty-Nine of the Code of West Virginia, 1931, as amended. The newspaper is circulated to the general public at a definite price or consideration. The newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices. The newspaper is published in the Municipality of Welch, McDowell County, West Virginia.

Witness my hand and the seal of the Public Service Commission of West Virginia, in the City of Charleston, this 18th day of December, 2012.

\_\_\_\_\_  
Secretary

1220.116

**AFFIDAVIT OF PUBLICATION:**

State of West Virginia  
County of McDowell, to wit:

I, Thomas Molin, being first duly sworn upon my oath, do depose and say that I am the Legal Editor of the Welch News, Inc., a corporation, publisher of the newspaper entitled The Welch News, a Republican newspaper; that I have duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published 3 times a week except weekends and holidays, for at least fifty weeks during the calendar year, in the Municipality of Welch, McDowell County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and McDowell County, West Virginia; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Case No. 12-1651-S-CN  
City of Welch  
Welch, WV 24801

was duly published in said newspaper once a week for 1 successive weeks, (Class I), commencing with the issue of the 28 day of Dec., 20 12, and ending with the issue of the 28 day of Dec., 20 12 (and was posted at the (if required)

\_\_\_\_\_ on the day of \_\_\_\_\_, 20\_\_\_\_ that said annexed notice was published on the following dates: 12/28/12

and that the cost of publishing said annexed notice as aforesaid was \$ 250.79

Thomas Molin  
Thomas Molin, Legal Editor  
The Welch News

Taken subscribed and sworn to before me in my said county this 3 day of Jan., 20 13

Leshia A. Ratliff  
Notary Public, State of West Virginia

RECEIVED  
13 JAN -9 AM 8:48  
WVA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**  
Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 18th day of December 2012.  
CASE NO. 12-1651-S-CN  
CITY OF WELCH  
Application for certification of convenience and necessity to construct, own and operate improvements to existing wastewater distribution system at Welch, McDowell County.  
On December 17, 2012, the City of Welch filed an application for certification of convenience and necessity to construct, own and operate improvements to its existing wastewater distribution system at Welch, McDowell County.  
Pursuant to §24-2-14, W.Va. Code, IT IS ORDERED that the City of Welch give notice of the filing of said application by publishing a copy of this attached Notice of Filing once in a qualified newspaper as provided in W.Va. Code §24-2-1, et seq., published and of general circulation in counties where service is provided, making due return to the Commission of proper certification of publication within thirty (30) day period, the Commission may waive formal hearing and render its decision on the application based on the evidence submitted with in application and the Commission's review thereof.  
A True Copy, Testes:  
Sandra Squire  
Executive Secretary

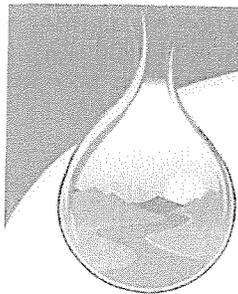
**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**  
Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 18th day of December 2012.  
CASE NO. 12-1651-S-CN  
CITY OF WELCH  
Application for certification of convenience and necessity to construct, own and operate improvements to existing wastewater distribution system at Welch, McDowell County.  
On December 17, 2012, the City of Welch filed an application for certification of convenience and necessity to construct, own and operate improvements to its existing wastewater distribution system at Welch, McDowell County.  
Pursuant to §24-2-14, W.Va. Code, IT IS ORDERED that the City of Welch give notice of the filing of said application by publishing a copy of this attached Notice of Filing once in a qualified newspaper as provided in W.Va. Code §24-2-1, et seq., published and of general circulation in counties where service is provided, making due return to the Commission of proper certification of publication within thirty (30) day period, the Commission may waive formal hearing and render its decision on the application based on the evidence submitted with in application and the Commission's review thereof.  
A True Copy, Testes:  
Sandra Squire  
Executive Secretary

**TODAY'S CROSSWORD**

Crossword puzzle grid with clues. Clues include: "Answers to Previous Puzzles", "INSTRUMENTS", "NATURAL STONES", "RHYTHMICAL", "PUBERTY", "CLOTH SIZE", "ST. LOUIS", "ST. LOUIS", "50 OAK RIDGE", "52 YORK", "53 MADE TOP HON", "43 DREAD", "44 CARROLL WEST", "47 SOLD TO THEM", "48 PODOCYPART", "49 WARS", "50 OAK RIDGE", "51 WARS", "52 YORK", "53 MADE TOP HON".

Cartoon strip with characters and dialogue. Dialogue includes: "COOL LIKE WORKING", "A FEZ...", "YOU DIDN'T SEE IT FIRST AT THE GARAGE SALE", "BUT TO THOSE OF YOU WHO BOUGHT US WHO BOUGHT OUR PUBLICLY BAD MACHINES PUBLICLY OR TO YOUR PET FEZETS TO EVERY PUBLICATION THAT WENT WHEN OUR SALES KIT WAS CLOPPED IN FRONT OF THEM WE SAY THANKS".

OFFICIAL SEAL  
Notary Public, State of West Virginia  
**LESHIA A. RATLIFF**  
P.O. Box 611  
Taeger, WV 24844  
My commission expires 5/31/2014



# WEST VIRGINIA

Infrastructure & Jobs Development Council

Guy, Earl Ray Tomblin  
Chairman

Kenneth Lowe, Jr.  
Public Member

David "Bones" McComas  
Public Member

Ron Justice  
Public Member

Louis R. Spatafore  
Public Member

Joseph Freeland  
Public Member

D. K. "Bud" Carr  
Public Member

James W. Ellars, P.E.  
Executive Director

Barbara J. Panky  
Administrative Secretary

Friday, April 13, 2012

The Honorable Robin Lee  
Mayor, City of Welch  
88 Howard Street  
Welch, WV 24801

Re: City of Welch  
Sewer Line Upgrade/Replacement - Project 2012S-1313  
City of Welch Contract 8B CSO Elimination  
Preliminary Application Approved

Dear Mayor Lee:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the preliminary application for the above-referenced project (Project).

Based on the findings of the Sewer Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Sponsor should carefully review the comments of the Sewer Technical Review Committee, as found on the Project Team Members' Dashboards at [www.wvinfrastructure.com](http://www.wvinfrastructure.com), as the Sponsor may need to address certain issues raised in said comments as it proceeds with the Project.

Below is loan information for this Project:

CWSRF loan - \$2,013,664.60 - (0%, ½% Admin Fee, 40 yrs) - Recommended

If you have any questions regarding this matter, please contact James W. Ellars at (304) 414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

cc: DEP Rep Name, DEP  
Jason Roberts, Region 1 Planning & Development Council  
Bill Keaton, P.E., Stafford Consultants, Inc.  
HATTEN, DAVID, Griffith & Associates PLLC

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 6th day of May, 2013, 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 City of Welch (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 6th day of May, 2013, the Authority received the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$4,044,246, numbered AR-1 (the "Series 2013 A Bonds") issued as a single, fully registered Bond, and dated May 6, 2013.

2. At the time of such receipt, the Series 2013 A Bonds had been executed by the Mayor and the Clerk 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 2013 A Bonds, of \$202,213, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced by the Authority and by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By: Sheila A. Miller  
Its: Authorized Representative

CITY OF WELCH

By: Leha J. Haraker  
Its: Mayor

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

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 6th day of May, 2013.

(1) Bond No. AR-1, constituting the entire original issue of the City of Welch Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the principal amount of \$4,044,246, dated May 6, 2013 (the "Series 2013 A Bonds"), executed by the Mayor and the Clerk of the City of Welch (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 March 4, 2013, and a Supplemental Resolution duly adopted by the Issuer on April 24, 2013 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a Bond Purchase Agreement for the Series 2013 A Bonds, dated May 6, 2013 (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) Executed opinion of nationally recognized bond counsel regarding the validity of the Bond Purchase Agreement and the Series 2013 A Bonds.

You are hereby requested and authorized to deliver the Series 2013 A Bonds to the Authority upon payment to the Issuer of the sum of \$202,213, representing a portion of the principal amount of the Series 2013 A Bonds. Prior to such delivery of the Series 2013 A Bonds, you will please cause the Series 2013 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.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

CITY OF WELCH

By:   
Its: Mayor

950640.00005

# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF WELCH  
SEWER REVENUE BONDS, SERIES 2013 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$4,044,246

KNOW ALL MEN BY THESE PRESENTS: That on the 6th day of May, 2013, the CITY OF WELCH, a municipal corporation and political subdivision of the State of West Virginia in McDowell 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 FOUR MILLION FORTY-FOUR THOUSAND TWO HUNDRED FORTY-SIX DOLLARS (\$4,044,246), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2015, to and including March 1, 2053, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2015, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP dated May 6, 2013.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on March 4, 2013, and a Supplemental Resolution duly adopted by the Issuer on April 24, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

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

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (1) SEWER REVENUE BONDS, SERIES 1996 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 25, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000 (THE "SERIES 1996 BONDS"); AND (2) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 6, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,000,000 (THE "SERIES 2008 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the Reserve Account created under the Bond Legislation for the Series 2013 A Bonds (the "Series 2013 A Bonds Reserve Account"), and unexpended proceeds of the Series 2013 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Series 2013 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2013 A Bonds including the Prior Bonds; provided however, that, so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Series 2013 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with or junior and subordinate to the Series 2013 A 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 (as defined in the Bond Legislation) by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]



*John J. Honaker*  
\_\_\_\_\_  
Mayor

ATTEST:

*Robin D. Lee*  
\_\_\_\_\_  
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 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: May 6, 2013.

THE HUNTINGTON NATIONAL BANK  
as Registrar

  
\_\_\_\_\_  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$202,213	05/06/2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE



**Bond Debt Service**  
City of Welch  
CW State Revolving Fund  
\$4,044,246  
40 Years from Closing Date  
0% Interest Rate, 0.5% Administrative Fee

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Administrative Fee</b>	<b>Total Quarterly Repayment due</b>
12/1/2025	26,607		26,607	2,544.28	29,151.28
3/1/2026	26,607		26,607	2,544.28	29,151.28
6/1/2026	26,607		26,607	2,544.28	29,151.28
9/1/2026	26,607		26,607	2,544.28	29,151.28
12/1/2026	26,607		26,607	2,544.28	29,151.28
3/1/2027	26,607		26,607	2,544.28	29,151.28
6/1/2027	26,607		26,607	2,544.28	29,151.28
9/1/2027	26,607		26,607	2,544.28	29,151.28
12/1/2027	26,607		26,607	2,544.28	29,151.28
3/1/2028	26,607		26,607	2,544.28	29,151.28
6/1/2028	26,607		26,607	2,544.28	29,151.28
9/1/2028	26,607		26,607	2,544.28	29,151.28
12/1/2028	26,607		26,607	2,544.28	29,151.28
3/1/2029	26,607		26,607	2,544.28	29,151.28
6/1/2029	26,607		26,607	2,544.28	29,151.28
9/1/2029	26,607		26,607	2,544.28	29,151.28
12/1/2029	26,607		26,607	2,544.28	29,151.28
3/1/2030	26,607		26,607	2,544.28	29,151.28
6/1/2030	26,607		26,607	2,544.28	29,151.28
9/1/2030	26,607		26,607	2,544.28	29,151.28
12/1/2030	26,607		26,607	2,544.28	29,151.28
3/1/2031	26,607		26,607	2,544.28	29,151.28
6/1/2031	26,607		26,607	2,544.28	29,151.28
9/1/2031	26,607		26,607	2,544.28	29,151.28
12/1/2031	26,607		26,607	2,544.28	29,151.28
3/1/2032	26,607		26,607	2,544.28	29,151.28
6/1/2032	26,607		26,607	2,544.28	29,151.28
9/1/2032	26,607		26,607	2,544.28	29,151.28
12/1/2032	26,607		26,607	2,544.28	29,151.28
3/1/2033	26,607		26,607	2,544.28	29,151.28
6/1/2033	26,607		26,607	2,544.28	29,151.28
9/1/2033	26,607		26,607	2,544.28	29,151.28
12/1/2033	26,607		26,607	2,544.28	29,151.28
3/1/2034	26,607		26,607	2,544.28	29,151.28
6/1/2034	26,607		26,607	2,544.28	29,151.28
9/1/2034	26,607		26,607	2,544.28	29,151.28
12/1/2034	26,607		26,607	2,544.28	29,151.28
3/1/2035	26,607		26,607	2,544.28	29,151.28
6/1/2035	26,607		26,607	2,544.28	29,151.28
9/1/2035	26,607		26,607	2,544.28	29,151.28
12/1/2035	26,607		26,607	2,544.28	29,151.28
3/1/2036	26,607		26,607	2,544.28	29,151.28
6/1/2036	26,607		26,607	2,544.28	29,151.28
9/1/2036	26,607		26,607	2,544.28	29,151.28
12/1/2036	26,607		26,607	2,544.28	29,151.28
3/1/2037	26,607		26,607	2,544.28	29,151.28

**Bond Debt Service**  
 City of Welch  
 CW State Revolving Fund  
 \$4,044,246  
 40 Years from Closing Date  
 0% Interest Rate, 0.5% Administrative Fee

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Administrative Fee</u>	<u>Total Quarterly Repayment due</u>
6/1/2037	26,607		26,607	2,544.28	29,151.28
9/1/2037	26,607		26,607	2,544.28	29,151.28
12/1/2037	26,607		26,607	2,544.28	29,151.28
3/1/2038	26,607		26,607	2,544.28	29,151.28
6/1/2038	26,607		26,607	2,544.28	29,151.28
9/1/2038	26,607		26,607	2,544.28	29,151.28
12/1/2038	26,607		26,607	2,544.28	29,151.28
3/1/2039	26,607		26,607	2,544.28	29,151.28
6/1/2039	26,607		26,607	2,544.28	29,151.28
9/1/2039	26,607		26,607	2,544.28	29,151.28
12/1/2039	26,607		26,607	2,544.28	29,151.28
3/1/2040	26,607		26,607	2,544.28	29,151.28
6/1/2040	26,607		26,607	2,544.28	29,151.28
9/1/2040	26,607		26,607	2,544.28	29,151.28
12/1/2040	26,607		26,607	2,544.28	29,151.28
3/1/2041	26,607		26,607	2,544.28	29,151.28
6/1/2041	26,607		26,607	2,544.28	29,151.28
9/1/2041	26,607		26,607	2,544.28	29,151.28
12/1/2041	26,607		26,607	2,544.28	29,151.28
3/1/2042	26,607		26,607	2,544.28	29,151.28
6/1/2042	26,607		26,607	2,544.28	29,151.28
9/1/2042	26,607		26,607	2,544.28	29,151.28
12/1/2042	26,607		26,607	2,544.28	29,151.28
3/1/2043	26,607		26,607	2,544.28	29,151.28
6/1/2043	26,607		26,607	2,544.28	29,151.28
9/1/2043	26,607		26,607	2,544.28	29,151.28
12/1/2043	26,607		26,607	2,544.28	29,151.28
3/1/2044	26,607		26,607	2,544.28	29,151.28
6/1/2044	26,607		26,607	2,544.28	29,151.28
9/1/2044	26,607		26,607	2,544.28	29,151.28
12/1/2044	26,607		26,607	2,544.28	29,151.28
3/1/2045	26,607		26,607	2,544.28	29,151.28
6/1/2045	26,607		26,607	2,544.28	29,151.28
9/1/2045	26,607		26,607	2,544.28	29,151.28
12/1/2045	26,607		26,607	2,544.28	29,151.28
3/1/2046	26,607		26,607	2,544.28	29,151.28
6/1/2046	26,607		26,607	2,544.28	29,151.28
9/1/2046	26,607		26,607	2,544.28	29,151.28
12/1/2046	26,607		26,607	2,544.28	29,151.28
3/1/2047	26,607		26,607	2,544.28	29,151.28
6/1/2047	26,607		26,607	2,544.28	29,151.28
9/1/2047	26,607		26,607	2,544.28	29,151.28
12/1/2047	26,607		26,607	2,544.28	29,151.28
3/1/2048	26,607		26,607	2,544.28	29,151.28
6/1/2048	26,607		26,607	2,544.28	29,151.28
9/1/2048	26,606		26,606	2,544.28	29,150.28

**Bond Debt Service**  
 City of Welch  
 CW State Revolving Fund  
 \$4,044,246  
 40 Years from Closing Date  
 0% Interest Rate, 0.5% Administrative Fee

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Administrative Fee</b>	<b>Total Quarterly Repayment due</b>
12/1/2048	26,606		26,606	2,544.28	29,150.28
3/1/2049	26,606		26,606	2,544.28	29,150.28
6/1/2049	26,606		26,606	2,544.28	29,150.28
9/1/2049	26,606		26,606	2,544.28	29,150.28
12/1/2049	26,606		26,606	2,544.28	29,150.28
3/1/2050	26,606		26,606	2,544.28	29,150.28
6/1/2050	26,606		26,606	2,544.28	29,150.28
9/1/2050	26,606		26,606	2,544.28	29,150.28
12/1/2050	26,606		26,606	2,544.28	29,150.28
3/1/2051	26,606		26,606	2,544.28	29,150.28
6/1/2051	26,606		26,606	2,544.28	29,150.28
9/1/2051	26,606		26,606	2,544.28	29,150.28
12/1/2051	26,606		26,606	2,544.28	29,150.28
3/1/2052	26,606		26,606	2,544.28	29,150.28
6/1/2052	26,606		26,606	2,544.28	29,150.28
9/1/2052	26,606		26,606	2,544.28	29,150.28
12/1/2052	26,606		26,606	2,544.28	29,150.28
3/1/2053	26,607		26,607	2,544.28	29,151.28
	4,044,246		4,044,246	386,730.56	4,430,976.56

The Quarterly Administrative fee of \$2,544.28 results in a total administrative expense of \$386,730.56 over the life of the loan

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_\_\_.

In the presence of:

\_\_\_\_\_

\_\_\_\_\_



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

Writer's Contact Information

May 6, 2013

City of Welch  
Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

City of Welch  
Welch, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the City of Welch (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$4,044,246 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated May 6, 2013, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of \$4,044,246, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2015, to and including March 1, 2053 all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The SRF Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2015 as set forth on Exhibit B attached hereto.

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

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on March 4, 2013, as supplemented by the Supplemental Resolution duly adopted by the Issuer on April 24, 2013 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (1) Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1996 Bonds"); and (2) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000 (the "Series 2008 A Bonds").

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

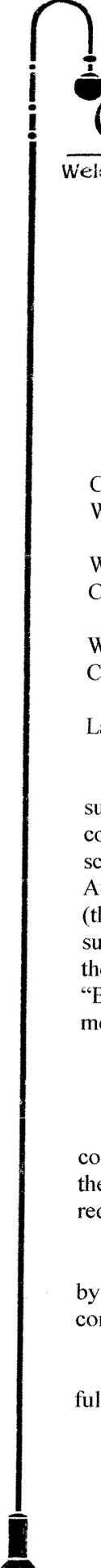
7. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal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

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

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

Very truly yours,

  
STEPTOE & JOHNSON PLLC



# City of Welch

Welch Municipal Building ● 88 Howard St. ● Welch, WV 24801 ● (304) 436-3113 ● Fax (304) 436-2546

May 6, 2013

City of Welch  
Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

City of Welch  
Welch, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the City of Welch in McDowell County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Series 2013 Bonds, dated May 6, 2013, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on March 4, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 24, 2013 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase 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, and the Mayor, Clerk and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

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

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the DEP 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 dated March 31, 2008.

6. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on April 8, 2013, which became Final Order on April 15, 2013 by Commission Order Waiving Exception Period dated April 15, 2013, in Case No. 12-1651-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. An affidavit of CPA dated April 15, 2013 was filed pursuant to such Order. The time for appeal of such Final Order has expired prior to the date hereof. Such Order remains 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 Bond Purchase Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

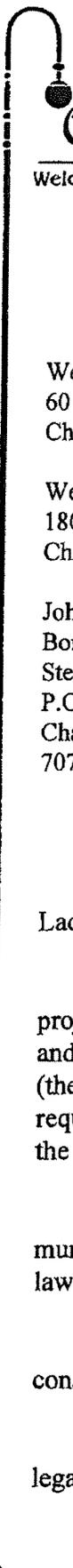
8. Prior to the execution of construction contracts by the Issuer, I will verify that all successful bidders have provided the drug-free workplace affidavit, submitted their drug-free workplace plan, and the contracts contain language that complies with the Drug-Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I will also verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Bond Purchase 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.

City of Welch, et al.  
Page 3

Very truly yours,

  
Danny Barie



# City of Welch

Welch Municipal Building ● 88 Howard St. ● Welch, WV 24801 ● (304) 436-3113 ● Fax (304) 436-2546

February 14, 2013

West Virginia Department of Environmental Protection  
601-57<sup>th</sup> Street  
Charleston, WV 25304

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

John Stump, Esq.  
Bond Counsel  
Step toe & Johnson PLLC  
P.O. Box 1588, Charleston, WV 25326-1588  
Chase Tower, 8th Floor  
707 Virginia Street, East, Charleston, WV 25301

Re: Final Title Opinion for City of Welch West Virginia

Ladies and Gentlemen:

I am counsel to the City of Welch\_ (the "Issuer") in connection with a proposed project Contracts 8 B & 8C to perform storm water separation work in the Riverside Drive and Southwood Sections of Welch West Virginia (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") 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.
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

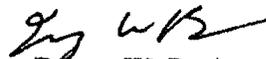
City of Welch, West Virginia  
West Virginia Department of Environmental Protection  
West Virginia Water Development Authority  
December, 2012  
Page 2

for the Project as set forth in the plans for the Project prepared by Stafford Consultants, Inc., the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of McDowell 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 the necessary site components for the Project, including 100% of all real property and at least 100% all easements and/or rights of way sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facility.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of McDowell\_ County, West Virginia to protect the legal title to and interest of the Issuer.

Very truly yours,

  
Danny W. Barie

Stafford Consultants, Inc.  
Region One Planning and Development  
Reba J. Honaker, Mayor  
Robin G. Lee, Clerk

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. BOND PURCHASE AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. SIGNATURES AND DELIVERY
15. BOND PROCEEDS
16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
17. PUBLIC SERVICE COMMISSION ORDER
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. CLEAN WATER ACT
21. PROCUREMENT OF ENGINEERING SERVICES
22. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of the City of Welch in McDowell County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 6th day of May, 2013 in connection with the Issuer's Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program) dated the date hereof ( the "Series 2013 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted March 4, 2013, and the Supplemental Resolution duly adopted April 24, 2013 (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 2013 A Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2013 A Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2013 A Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Series 2013 A Bonds or the existence or the powers of the Issuer insofar as they relate to

the authorization, sale and issuance of the Series 2013 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 Net Revenues or the pledge of Net Revenues as security for the Series 2013 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 2013 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: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Bond Purchase Agreement and the Issuer has met all conditions prescribed in the Bond Purchase Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1996 Bonds"); and (2) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000 (the "Series 2008 A 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 Ordinances.

The Series 2013 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Bond Purchase Agreement

Public Service Commission Order

Infrastructure Council Approval

City Charter

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Oaths of Office of Officers and Council members

Resolution on Open Governmental Proceedings Rules

Sewer Rate Ordinance

Minutes on Enactment of Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution

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

Prior Bond Ordinances

Consent of WDA to Issuance of Parity Bonds

Consent of USDA to Issuance of Parity Bonds

Evidence of Insurance

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "City of Welch". The Issuer is a municipal corporation in McDowell County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, Clerk and five (5) councilmembers, 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:

Name	Date of Commencement of Office	Date of Termination of Office
Reba Honaker, Mayor	February 24, 2011	June 30, 2014
Frank Cooley	July 1, 2010	June 30, 2014
James R. Ingole, Sr.	July 1, 2010	June 30, 2014
Fred Odum	May 3, 2011	June 30, 2014
William Spencer	July 1, 2010	June 30, 2014
Emily Yeager	July 1, 2010	June 30, 2014

The duly elected or appointed members of the Sanitary Board for 2013 are as follows:

Name  
Reba Honaker  
John Caffrey, P.E.  
Claude Banner, P.E.

The duly appointed and acting Clerk of the Issuer is Robin Lee. The duly appointed and acting Counsel to the Issuer is Danny Barie, Esquire, in Welch, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or will be acquired by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2013 A Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2013 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 Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation will be in full force and effect.

10. BOND PURCHASE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement not misleading; and (iv) the Issuer is in compliance with the Bond Purchase Agreement.

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

11. **INSURANCE:** The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation and the Bond Purchase Agreement. All insurance for the System required by the Bond Legislation and the Bond Purchase Agreement are in full force and effect.

12. **VERIFICATION OF SCHEDULE:** The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated Costs of the Project, the sources of funds available to pay the Costs of the Project and the costs of financing of the Bonds.

13. **RATES:** The Issuer has duly adopted a sewer rate ordinance on March 31, 2008, setting rates and charges of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

14. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Mayor did officially sign all of the Series 2013 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 Clerk did officially cause the official seal of the Issuer to be affixed upon said Series 2013 A Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2013 A Bonds to a representative of the Authority as the original purchaser of the Series 2013 A Bonds under the Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. **BOND PROCEEDS:** On the date hereof, the Issuer received \$202,213 from the Authority and the DEP, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. **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 *Welch News*, a qualified newspaper of general circulation in the City of Welch, 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 2013 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 4th day of March, 2013, at 4:00 p.m., at the Welch City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk 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.

17. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision entered on April 8, 2013, which became Final Order on April 15, 2013 by Commission Order Waiving Exception Period entered April 15, 2013 of the Public Service Commission of West Virginia, in Case No. 12-1651-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. An Affidavit of CPA dated April 15, 2013 was filed pursuant to the Order. The time for appeal of such Order has expired prior to the date hereof. Such Order remains in full force and effect.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2013 A Bonds.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2013 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.

20. CLEAN WATER ACT: The Project described in the Bond Ordinance complies with the Clean Water Act.

21. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

[Remainder of Page Intentionally Blank]



WITNESS our signatures and the official seal of the City of Welch on this the day and year first above written.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

*John J. Donaker*

Mayor

*Robin G. Lee*

Clerk

\_\_\_\_\_

Counsel to Issuer



WITNESS our signatures and the official seal of the City of Welch on this the day and  
 year first here written.

SIGNATURE

OFFICIAL TITLE

*John J. Donaker*

Mayor

*Robin G. Lee*

Clerk

*Jay WB*

Counsel to Issuer

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the City of Welch in McDowell County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$4,044,246 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program) of the Issuer, dated May 6, 2013 (the "Bonds" or the "Series 2013 A Bonds"), hereby certifies on the 6th day of May, 2013, as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on March 4, 2013, as supplemented by Supplemental Resolution duly adopted by the Issuer on April 24, 2013 (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 6, 2013, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$202,213, being a portion of the principal amount of the Series 2013 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any Bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2013 A Bonds were sold on May 6, 2013, to the Authority, pursuant to a bond purchase agreement dated May 6, 2013, by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of \$4,044,246 (100% of par) (the "Bond Purchase Agreement"), at which time, the Issuer received \$202,213 from the Authority and the DEP, being the first advance of the principal amount of the Series 2013 A Bonds. No accrued interest has been or will be paid on the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2013 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2013 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before January 1, 2015. The acquisition and construction of the Project is expected to be completed by July 1, 2014.

8. The total Cost of the Project is estimated at \$4,054,246. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2013 A Bonds	\$4,044,246
Issuer Contribution	<u>\$10,000</u>
Total Sources	<u>\$4,054,246</u>

USES

Costs of Acquisition and Construction of the Project	\$4,023,746
Costs of Issuance	<u>\$30,500</u>
Total Uses	<u>\$4,054,246</u>

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2013 A Bonds:

- (1) Revenue Fund (created by Prior Ordinances and continued hereby);
- (2) Series 2013 A Bonds Construction Trust Fund;
- (3) Series 2013 A Bonds Sinking Fund; and
- (4) Series 2013 A Bonds Reserve Account.

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

- (1) Proceeds of the Series 2013 A Bonds in the amount of \$-0- will be deposited in the Series 2013 A Bonds Sinking Fund as capitalized

interest and applied to payment of interest on the Series 2013 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion.

(2) Proceeds of the Series 2013 A Bonds in the amount of \$-0- will be deposited with the Commission in the Series 2013 A Bonds Reserve Account.

(3) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2013 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2013 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2013 A Bonds.

11. Monies held in the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2013 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and Series 2013 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2013 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. 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 13 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's Bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2013 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 19 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

20. 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.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

23. The Issuer has either (a) funded the Series 2013 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2013 A Bonds in the then current or any succeeding year with the proceeds of the Series 2013 A Bonds, or (b) created the Series 2013 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2013 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 2013 A Bonds in the then current or any succeeding year. Monies in the Series 2013 A Bonds Reserve Account and the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay Costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. 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.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on this the day and year first above written.

CITY OF WELCH

By:   
Its: Mayor

950640.00005

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Edward L. Shutt, Registered Professional Engineer, West Virginia License No. 7314, of Stafford Consultants, Incorporated, in Princeton, West Virginia, hereby certify this 6th day of May, 2013 as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the City of Welch (the "Issuer"), to be constructed in McDowell County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (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 March 4, 2013, as supplemented by the Supplemental Resolution of the Issuer adopted April 24, 2013 (collectively, the "Bond Legislation"), the Bond Purchase Agreement for the Series 2013 A Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated May 6, 2013, (the "Bond Purchase Agreement").

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

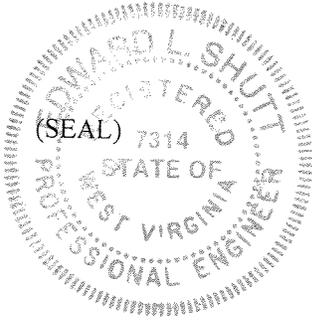
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the schematic design for the Project began before July 1, 2012; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) 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 Danny Barie, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (v) the successful bidder has provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the successful bidder received any and all addenda to the original bid documents; (vii) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (viii) the successful bid include prices for every item on such bid forms; (ix) the uniform bid procedures were followed; (x) 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; (xi) the net proceeds of the Bonds, together with

all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve no new customers.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.



STAFFORD CONSULTANTS INCORPORATED

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

Edward L. Shutt, P.E.  
West Virginia License No. 7314

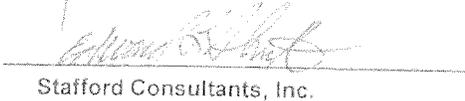
**CITY OF WELCH SRF NO. C544375  
8B, 8C & 8D SEWER PROJECT  
SCHEDULE B 4-4-2013**

A. COST OF PROJECT	Total	SRF Loan	City Contribution
<b>1 Construction</b>			
a. Construction - 8B - (Mike Enyart & Sons)	1,020,722.00	1,020,722.00	0.00
Construction - 8C - (Mike Enyart & Sons)	1,085,986.00	1,085,986.00	0.00
Construction - 8D - (Mike Enyart & Sons)	878,093.00	878,093.00	0.00
b. Construction Contingency	149,948.00	149,948.00	0.00
<b>2 Technical Services (Stafford)</b>			
a. Planning Phase	5,363.00	5,363.00	0.00
b. Basic Services	206,338.00	206,338.00	0.00
c. Resident Project Representative	324,318.00	324,318.00	0.00
d. Asset Management Plan	79,761.00	79,761.00	0.00
e. Special Services	50,000.00	50,000.00	0.00
f. Redesign	77,117.00	77,117.00	0.00
<b>3 Legal &amp; Fiscal</b>			
a. Legal	0.00	0.00	0.00
b. Accounting	24,000.00	24,000.00	0.00
<b>4 Administrative Services</b>			
a. Project Administrator (Reg. 1)	100,000.00	100,000.00	0.00
<b>5 Sites &amp; Other Lands</b>			
a. Land acquisition / ROW	10,000.00	0.00	10,000.00
b. Permits	12,100.00	12,100.00	0.00
<b>6 Interest during Construction</b>	0.00	0.00	0.00
<b>7 Miscellaneous / Equipment</b>	0.00	0.00	0.00
<b>9 TOTAL of Lines 1 through 8</b>	<b>4,023,746.00</b>	<b>4,013,746.00</b>	<b>10,000.00</b>
<b>B. COST OF FINANCING</b>			
<b>10 Funded Reserve</b>	0.00	0.00	0.00
<b>11 Other Costs</b>			
a. Registrar fees	500.00	500.00	0.00
b. Bond Counsel (S&J)	30,000.00	30,000.00	0.00
<b>12 Cost of Issuance</b>	30,500.00	30,500.00	0.00
<b>13 TOTAL PROJECT COST (Line 9 plus Line 12)</b>	<b>4,054,246.00</b>	<b>4,044,246.00</b>	<b>10,000.00</b>
<b>C. SOURCES OF OTHER FUNDS</b>			
<b>14 Federal Grants</b>	0.00	0.00	0.00
<b>15 State Grants</b>	0.00	0.00	0.00
<b>16 Other Grants</b>	0.00	0.00	0.00
<b>17 Any Other Source (City)</b>	10,000.00	0.00	10,000.00
<b>18 TOTAL GRANTS (Lines 14 through 17)</b>	10,000.00	0.00	10,000.00
<b>19 Size of Bond Issue</b>	<b>4,044,246.00</b>	<b>4,044,246.00</b>	<b>0.00</b>

Prepared by Region I Planning & Development Council

  
City of Welch

4-15-2013  
Date

  
Stafford Consultants, Inc.

4-12-2013  
Date

Stafford Consultants, Inc. signature is only to verify the construction costs and engineering cost as current costs. The engineer does not have the



May 6, 2013

City of Welch  
Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

City of Welch  
Welch, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the City of Welch (the "Issuer"), dated March 31, 2008, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Stafford Consultants Incorporated, the Consulting Engineers to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), issued in the principal amount of \$4,044,246 (the "Series 2013 A Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's: (1) Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1996 Bonds"); and (2) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000 (the "Series 2008 A Bonds"), (collectively, the "Prior Bonds").

It is our further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2013 A Bonds are issued will be at least 120% of the average annual debt service requirements on the Series 2013 A Bonds and the Prior Bonds, and (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 Series 2013 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2013 A Bonds, if any, 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 Series 2013 A Bonds and the Prior Bonds.

Sincerely,

Michael D. Griffith, CPA, AFI  
Griffith & Associates, PLLC

Michael D. Griffith, CPA, AFI  
[mgriffith@gcorp.wv.com](mailto:mgriffith@gcorp.wv.com)

950 Little Coal River Road Alum Creek, WV 25003  
Phone: (304) 756.3600 Facsimile: (304) 756.2911

I HEREBY CERTIFY THAT THIS IS AN ATTESTED  
COPY OF RECORD.

Robin G. Lee  
Robin G. Lee, City Clerk

Dated: August 22, 2006

PART I

CHARTER

CHAPTER 3

(Senate Bill No. 97—By Mr. Wood)

AN ACT creating the municipal corporation of the City of Welch, in the county of McDowell, and state of West Virginia, and annulling the charter granted to said City of Welch by act of the legislature of West Virginia, chapter six, (House Bill one hundred and seventy-two) of the acts of one thousand nine hundred and nineteen, passed on the twenty-first day of February, nineteen hundred and nineteen, and all the acts amendatory thereto.

[Passed February 19, 1929; in effect from passage. Approved by the Governor.]

- § 1. City a body corporate.
- § 2. Boundaries of city.
- § 3. Boundaries of wards.
- § 4. Power to change corporate limits and wards; establishment of voting precinct.
- § 5. Council to be governing body.
- § 6. Eligibility of mayor and councilmen.
- § 7. Appointive officers.
- § 8. Corporate powers to be exercised by council.
- § 9. Duties of mayor.
- § 10. Duties of city clerk.
- § 11. Duties and powers of police judge.
- § 12. Duties of city attorney.
- § 13. Duties of city manager.
- § 14. Qualifications and duties of city engineer.
- § 15. Qualifications and duties of city health officer.
- § 16. Board of health, how constituted; powers and duties.
- § 17. Policemen, how appointed and salaries; chief of police, how appointed and duties.
- § 18. Officers may perform other duties; when.
- § 19. Terms of office of elective and appointive officers.
- § 20. Oath of office.
- § 21. Bonds of officers and employees.
- § 22. Salaries of elective and appointive officers.
- § 23. Removal of officer for cause, procedure; removal of appointive officers.
- § 24. Vacancies in elective and appointive offices.
- § 25. Nominating conventions.
- § 26. Qualification of voters.
- § 27. Registration of voters; compensation of registrars.
- § 28. Election of mayor and councilmen; how conducted and returned; tie vote; recount; appeal to circuit court in recount or contested election.
- § 29. Powers of council.
- § 30. City to have right of eminent domain.
- § 31. Abatement of nuisances; restrictions on gas or oil tanks.
- § 32. Establishment of jails and places for detention of prisoners.
- § 33. Franchises, for what purposes granted; restrictions on.
- § 34. Provisions concerning ordinances.

- § 35. Meetings of council; presiding officer; tie vote.
- § 36. Quorum to be a majority of members elected to council.
- § 37. Record books.
- § 38. Auditing of books and accounts of city.
- § 39. City funds, receipts and disbursements.
- § 40. Finance committee; budget.
- § 41. Taxes, levies for; poll tax; special levy.
- § 42. Assessment and collection of taxes; lien for taxes.
- § 43. Licenses.
- § 44. Bond issues.
- § 45. Indebtedness prohibited.
- § 46. Street paving and improvements.
- § 47. Bonds for paving and other improvements; application of assessments to pay bonds.
- § 48. Contracts for paving and other improvements; how cost assessed and collected; form of paving assessment certificates and interest coupons.
- § 49. Construction of sewers; cost of, how paid; assessment certificates for cost.
- § 50. Release of assessment liens; payment of assessment certificates.
- § 51. City bonds for paving and sewers; vote of people on.
- § 52. How lots abutting upon improvement to be described.
- § 53. When work completed, publication of notice of proposed assessment.
- § 54. Additional method of street improvement.
- § 55. Procedure for construction or relaying of sidewalks.
- § 56. Inconsistent ordinances and acts repealed.

*Be it enacted by the Legislature of West Virginia:*

*The City of Welch*

Sec. 1. That the inhabitants of so much of the county of McDowell in the state of West Virginia, included within the boundaries described in section two of this act shall be and remain, and they are hereby made a body politic and corporate by the name of the "City of Welch" and as such, and by that name, may contract and be contracted with, sue and be sued, plead and be impleaded, answer and be answered unto, and may purchase, take, receive, hold and use goods and chattels, lands and tenements, choses in action, or any interest, right or estate therein, either for the proper use of said city or in trust for the benefit of any person, association or corporation therein, and may grant, sell, convey and assign, let, pledge, mortgage, charge and encumber in any case and in any manner in which it would be lawful for a private individual so to do, except where such power may be limited by law, and may have and use a common seal and alter and renew the same at pleasure, and generally shall have the rights, franchises, capacities and powers conferred herein, and by the laws of this state, upon municipal corporations, not inconsistent with the provisions of this act.

*Corporate Limits*

Sec. 2. The corporate limits of the City of Welch shall be as follows:

Beginning at a set iron near the mouth of Big Branch of Elkhorn Fork of Tug river; thence south twenty-eight degrees nineteen minutes east one thousand one hundred and seventy feet to a set iron on the east side of Big Branch; thence south fifty degrees forty minutes west six thousand nine hundred fifty-five feet to a stake; thence south forty-eight

degrees forty-four minutes east two hundred thirty-six feet to a set rail; thence south sixty-seven degrees twenty-two minutes east one thousand seven hundred and twenty-one feet to a set rail; thence south forty-eight degrees twenty-eight minutes west three hundred forty-seven feet to a set rail; thence south twenty-nine degrees twenty-six minutes west five hundred and seventy-three feet to a tack in the root of a large beech tree on the north bank of Tug river; thence down Tug river the following courses and distances: north seventy degrees forty-seven minutes west five hundred and eight and five-tenths feet; north eighty-four degrees sixteen minutes west four hundred and eighty-two and five-tenths feet; north fifty-four degrees forty minutes west two hundred and ninety and five-tenths feet; north forty-nine degrees thirty-eight minutes west three hundred and twenty-two feet; north sixty-six degrees thirty-one minutes west two hundred and forty-six feet; north seventy degrees two minutes west four hundred and fourteen and five-tenths feet; thence leaving Tug river south thirty degrees west seven hundred and twenty-five feet to a stake on a spur; thence north fifty-four degrees thirty minutes west two thousand four hundred and fifty feet to a stake near Little Indian creek; thence north four degrees thirty minutes seven thousand nine hundred and fifty feet to a stake in a line of the present corporation limits; thence with same south seventy-seven degrees west eight hundred feet to a poplar, spruce pine and double beech on the bank of Cub branch; thence north sixty-four degrees thirty minutes west six hundred feet to the top of a spur where a white oak is called for; thence north twenty-two degrees east seven hundred feet to a stake on the north bank of Tug river; thence north eighty-three degrees thirty-six minutes west three hundred and seventy-three feet to a point in Tug river; thence continuing down Tug river north one degree forty minutes west four hundred and ninety feet to a point in Tug river; thence still continuing down Tug river north seventy degrees forty-four minutes east nine hundred and twenty-eight feet to a point in the line of the Central Pocahontas Coal Company's property; thence with said line of the Central Pocahontas Coal Company, south thirty-two degrees twenty-three minutes east four hundred and eighty feet to a hickory corner, on the top of the spur; thence continuing with said line of the Central Pocahontas Coal Company south twenty-two degrees three minutes west four hundred fifty-three and fourteen-one-hundredths feet to a corner designated by two spruce pines and two red oak stumps; thence continuing with said line of the Central Pocahontas Coal Company south sixty-four degrees ten minutes west one hundred feet to a point in the center of Tug river; thence leaving said line of the Central Pocahontas Coal Company due south one hundred and seventy-eight feet, more or less to the southern right of way line of the Oregon siding of the Norfolk and Western Railway Company; thence with the southern right of way line of said Norfolk and Western Railway Company in an easterly direction a distance of approximately one thousand one hundred and fifty feet to the intersection of said southern right of way line with the western right of way line of the main line of the Norfolk and Western Railway Company; thence with said western right of way line of the Norfolk and Western Railway Company's main line in a north-westerly direction to the intersection of said western right of way line with the southern edge of the county road from Welch to Davy; thence with the southern edge of said county road in a westerly direction to the intersection of said county road with the southern edge of the new concrete road leading to the bridge across Tug river at Hemphill; thence with the southern edge of said road in a southwesterly direction to its intersection with the above mentioned south twenty-two degrees three minutes west line; thence with the

reverse call of this line north twenty-two degrees three minutes east a distance of three hundred and ninety-five feet, more or less, to the above mentioned hickory corner; thence south eighty-four degrees thirty minutes east eighty-one feet; thence north seventy-three degrees six minutes east one hundred and seventy-eight and six-tenths feet; north seventy-eight degrees east three hundred and thirty-three and seven-tenths feet; north forty-seven degrees thirty minutes east ninety-two feet; north forty-nine degrees east ninety-seven feet; north sixty-two degrees thirty minutes east four hundred and ninety-seven feet; north forty-six degrees east two hundred twenty-four and six-tenths feet; north thirty-seven degrees east ninety-six and six-tenths feet; north seventy-six degrees east one hundred thirty-four and five-tenths feet; south eighty-eight degrees east one hundred and seventy-six feet; south thirty degrees east three hundred and eighty-three and one-tenth feet; south fifty-seven degrees east eighty-one and two-tenths feet; north eighty-nine degrees east two hundred and sixty-three feet; north eighty-eight degrees thirty minutes east two hundred and ninety-eight feet to a stake on top of the ridge between Tug river and Browns creek; thence leaving the top of said spur and ridge, south seventy-four degrees thirteen minutes east two thousand five hundred and thirty-three and six-tenths feet to a stake near the mouth of Grave Yard hollow of Browns creek and about twenty feet north of the county road; thence south fifty-three degrees forty-three minutes east three thousand four hundred and forty-nine feet, crossing Browns creek and the ridge between Browns creek and Elkhorn to a point of intersection between this line and the Pollard line; thence south two degrees thirty-four minutes west one thousand three hundred and fifteen feet, crossing the main line of the Norfolk and Western Railway Company and Elkhorn fork of Tug river, to the beginning, containing one thousand four hundred seventy-one and two-tenths acres.

*Boundaries of Wards*

Sec. 3. The City of Welch shall be divided into three wards, the boundaries of which shall be as follows:

*First Ward*

All the following described boundary shall constitute the first ward of the said city, to-wit:

Beginning at a tack in the root of a large beech on the east bank of Tug river, same being a corner of the corporate limits of the City of Welch, also being the southwest corner of the Southwood addition to said city; thence with the corporate lines of the said city in a northeasterly and northwesterly direction to the center of Elkhorn creek about two thousand feet below the mouth of Fish Trap branch; thence down Elkhorn creek with its center line in a northwesterly and southwesterly direction to its mouth or junction with Tug river; thence crossing Tug river due west to the corporate lines of said city; thence with the corporate lines of said city in a southerly, southeasterly and northeasterly direction to the place of beginning.

*Second Ward*

All the following described boundary shall constitute the second ward of said city, to-wit:

Beginning at a point, the junction of Elkhorn creek and Tug river, said point being the beginning of Tug fork, also a corner of the first ward; thence down Tug fork to a point south

from the west end of Central avenue of the Westwood addition to the City of Welch; thence due north to the corporate lines of said city; thence with the corporate lines in an easterly, southeasterly and southwesterly direction to the center of Elkhorn creek, a corner of the first ward; thence down Elkhorn creek with its center line to the place of beginning.

*Third Ward*

All the following described boundary shall constitute the third ward of said city, to-wit:

Beginning at the junction of Elkhorn creek and Tug river, a corner of the first and second wards; thence due west crossing Tug river to the corporate line; thence with the corporate lines of said city in a northerly, westerly and easterly direction to a point due north from the western end of Central avenue of the Westwood addition to the City of Welch; thence due south to the center of Tug fork; thence up Tug fork to its junction with Elkhorn creek, the place of beginning.

*Power to Change Corporate Limits and Wards*

Sec. 4. The council of the City of Welch shall have the power and authority to change the corporate limits of the City of Welch, and shall have the power and authority to change the number of wards in said city, and to change the lines of the respective wards from time to time.

No changes shall be made in the corporate limits of the City of Welch, the number of wards or the lines of said wards until at least three weeks notice of the proposed change shall have been given by the council, by publication of notice thereof in a newspaper of general circulation in said City of Welch, twice each week for three successive weeks. Said notice shall give the date on which the council will pass on the proposed changes and a brief statement of the changes proposed.

Any changes made under the provisions of this section shall be by ordinance passed and adopted in the manner hereinafter set forth in this charter.

*Establishment of Voting Precincts*

The council shall provide places for voting in each ward in all municipal elections of the city, and shall have the right to establish such voting precincts in the respective wards from time to time as it may deem necessary, and may increase or diminish the number of voting precincts in the respective wards, and may consolidate the voting places of two or more wards if in its opinion no inconvenience is placed upon the voters in the respective wards.

*Governing Body*

Sec. 5. The municipal authorities of the city shall consist of a mayor and five councilmen, who shall constitute and be known as "the council of the City of Welch." One councilman shall be elected by the voters of each of the respective wards and two councilmen shall be elected by the voters at large.

Sec. 6. No person shall be eligible to the office of mayor or councilman who is not at the time of his election entitled to vote in the city election and who was not, for the preceding year, assessed with taxes upon personal or real property, or both, within the city, of an assessed valuation of five hundred dollars and did not actually pay the taxes so assessed.

Sec. 7. In addition to the municipal authorities mentioned in section five, the city may have a police judge, city manager, city clerk, city auditor, city physician, health commissioner, building inspector, city attorney, city engineer, city collector and treasurer, jail keeper, humane officer or officers and such number of policemen and firemen as the council, by ordinance or resolution may direct.

The officers heretofore named in this section shall be appointed by the mayor, with the consent of the council, but none of such officers shall be appointed and take office until the council shall, by a majority of the full membership thereof, authorize the filling of such office and confirm said appointment. All of the officers named in this section shall be paid such salaries as are fixed by the council, except as herein otherwise provided, and such salaries shall be within the limits provided for by this act.

Sec. 8. All the corporate powers and functions pertaining to said city shall be exercised by its council, or under its authority and the corporate name of said city, unless otherwise provided by state law or municipal ordinance.

#### *Mayor—Duties*

Sec. 9. The mayor shall be the chief executive officer of the city and shall preside at all meetings of the council, and shall have a vote in case of a tie. He shall have charge and control of the police, except as herein otherwise provided; he shall see that the laws and ordinances of the city are enforced and shall keep and preserve a docket of all his proceedings in the trial of criminal cases in like manner and with like effect as provided by law in the case of a justice of the peace; he shall see that the peace and good order of the city are preserved and that persons or property therein are protected and to this end he may cause the arrest and detention of rioters and disorderly persons, and shall perform such other duties and services as the council may ordain in addition to the duties prescribed by this act and not inconsistent herewith. The city clerk, except as herein otherwise provided, shall perform the duties of the mayor whenever and so long as the mayor is, from any cause, unable to perform his official duties, and he shall, in the absence of the mayor, perform any and all the duties of the mayor, except he shall not preside over the council. In the absence of the mayor at a meeting of the council, the council shall select one of its own members to preside over its meeting, who shall have a vote as a councilman. If the mayor and clerk are both absent from the city or otherwise disabled from performing the duties of the mayor, the council may elect a mayor *pro tempore*. The mayor shall have the power at any time to appoint special policemen, who shall be sworn in, without confirmation of the council. The mayor shall have the power to appoint all non-elective officials of the city, but said appointments so made by the mayor shall not become effective until confirmed by a majority of the membership of the council. The mayor shall be the official head of the city for all ceremonial purposes, upon whom service may be had in civil process and by the governor for military purposes.

#### *City Clerk—Duties*

Sec. 10. The city clerk shall be *ex-officio* clerk of the city council. He shall keep a complete record of all ordinances, resolutions and acts of the city council. He shall enter in a separate volume all ordinances of a general nature, any violation of which shall subject any

person to any penalty, and carefully index the same. All ordinances providing for the issuance of bonds, or creation of a debt, or construction of any public improvement of any local or temporary nature, shall be entered in a separate volume of the city clerk and carefully indexed. He shall keep complete books of account showing all official transactions of the city, and of each department. All receipts, expenditures by the city, the source of all income and the purpose of all expenditures. He shall make out all vouchers and pay rolls of the city and shall do and perform all other duties which may be required of him by the council by any ordinance or resolution.

He shall attend all meetings of the council and keep in a proper minute book a record of its proceedings and sign his record of each said proceeding.

He shall prepare and cause to be served all notices required to be given to any person, firm or corporation and after proper service and return thereof of any notice, he shall file and preserve the same.

He shall file in convenient form, so as to be readily accessible, all correspondence carried on by the city or by any department thereof, and as custodian of all the books, records and proceedings of the council, he shall make and certify copies thereof whenever required and affix the corporate seal of the city to any paper required to be sealed and to any certified copy of any paper, order or proceeding which he may make. The minutes of every meeting, after being corrected, shall be signed by the mayor and city clerk and the copy of any record, paper, entry, order, ordinance, resolution or proceeding made by the council, or by the police court judge, when properly certified under the seal of the city shall be admissible as evidence in any court of the state in any proceeding in which the original paper or record, if presented, would be admissible.

The city clerk shall be *ex-officio* city treasurer and as such shall be custodian of all monies of the municipality and shall keep and preserve the same in such manner and in such place or places as shall be designated by the city council. He shall pay out money only on warrants issued and signed by him and countersigned by the mayor.

#### *Police Judge, Duties*

**Sec. 11.** This section shall cover the duties of the police judge when he is appointed and his appointment confirmed by the council, and until his appointment the powers and duties herein conferred shall be exercised and performed by the mayor.

The judicial power of the city shall be vested in a municipal court. Said court shall have exclusive jurisdiction of all criminal proceedings for the violation of any city ordinance, and any act committed inside the corporate limits of the City of Welch and made a misdemeanor under the laws of the state of West Virginia shall be an offense against the laws of said city, and the police judge, or the mayor until said police judge is appointed, in addition to the other powers herein granted, may try, convict and punish therefor, and in the absence of any specific ordinance relating thereto, may inflict the same penalties and collect the same fines for the benefit of said city as are prescribed by the state laws for the same offense.

The police judge shall be *ex-officio* a justice of the peace and a conservator of the peace, with authority to issue process for all offenses committed within the jurisdiction of the City of

Welch, of which a justice of the peace has jurisdiction under the state statutes, and shall perform all the duties vested by law in a justice of the peace, except that he shall have no jurisdiction in civil cases or causes of action arising outside of the corporate limits of the city. He may commit persons charged with felony or misdemeanor to jail or take bond for their appearance before the grand jury or the criminal court of McDowell county. He shall have authority to sentence an offender to labor upon the streets or at other public work of the city, until such time as their fines shall have been worked out, or until the sentence imposed has been performed. Offenders sentenced to work on the streets shall be allowed credit on their fines in the amount of one dollar for each day of labor, and during good behavior each prisoner shall be allowed five days good time for every thirty days sentence, that is, labor on the streets for twenty-five days shall be equivalent to service of thirty days.

The police judge shall keep a well bound book marked "POLICE COURT DOCKET" in which there shall be kept a record showing the style of each case and the deposition thereof, which record shall be indexed and numbered.

Before trying any person charged with any violation of any ordinance he shall issue a warrant, specifying the offense or violation charged; he shall render judgment in any case as the law of the state or the ordinance of the city applying thereto may require; he shall also have power to issue executions for all fines, penalties and costs imposed by him and he may require immediate payment of the same, and in default of such payment commit the person in default to jail.

In the trial of cases and the procedure thereof where none of the provisions herein apply, the police judge shall be governed by the laws of the state of West Virginia pertaining to justices of the peace.

In the trial of civil and criminal cases the police judge shall tax such costs as justices of the peace are entitled to under the laws of West Virginia, but said police judge shall not be entitled to any portion of the costs so taxed.

The police judge shall receive for his services a fair and reasonable annual salary, in such amount as the council may determine is fair and just, and the amount of salary so fixed shall be payable out of the general fund through the city treasury.

#### *City Attorney, Duties*

**Sec. 12.** The city attorney shall be a member of the bar of McDowell county in good standing and shall perform and discharge all duties and exercise all powers which shall be conferred upon him by any ordinance or resolution of the city council, and, in addition, he shall exercise the following powers:

(a) Be the legal adviser of and attorney and counsel for the city and for all administrative offices thereof, in respect to their official duties.

(b) Prosecute and defend all suits for or against the city and prepare all contracts, bonds and other writings in which the city is concerned, and endorse on each his approval of the form and correctness thereof.

(c) Be prosecuting attorney of the police court and prosecute all cases brought before such court, and perform the same duties so far as they are applicable thereto as are required of the

prosecuting attorney of the county, *provided, however*, that it shall be necessary for said city attorney to appear in criminal cases only when so requested by the mayor, police judge or other proper authority.

(d) The city council and all administrative officers of the city may require the opinion of the city attorney upon any question of law involving their respective powers and duties, and he shall furnish the same in writing when so requested.

(e) Be present at all regular meetings and special meetings of the city council to advise the mayor and council on legal questions arising and to advise the city clerk in the preparation of resolutions and ordinances, and perform such other services relating to his profession as may be required by the council.

(f) The city attorney shall receive for his services an annual retainer fee not to exceed three hundred dollars, said fee to be fixed by the council payable out of the city treasury; and shall be entitled to reasonable fees, in addition to the annual retainer, for the preparation of contracts, bonds, other writings and special services rendered, for which said attorney shall submit a monthly statement for the approval of the council.

*City Manager, Duties*

**Sec. 13.** Whenever in the opinion of the council it is deemed expedient and necessary for the welfare of the city to employ the services of a city manager, he may be appointed in the manner herein provided, and shall receive such salary as the council by ordinance may prescribe; and he shall have the right to employ such other help as the council may from time to time allow.

The city manager, when appointed, shall devote his entire time and attention to the duties of his office, unless otherwise provided by the council, and shall have supervision and control of the executive work and management of the heads of all departments under his control as directed by the mayor and council. He shall make all contracts for labor and supplies, and generally perform all the administrative work of the city, and such other duties as the council may require of him, and shall possess such other powers and perform such other duties as the council may prescribe.

Upon the appointment of a city manager the council shall pass a proper ordinance setting forth the specific and general duties of the city manager, prescribing the limits of his authority, and fixing his salary.

*City Engineer, Duties*

**Sec. 14.** The city engineer shall be a competent mechanical engineer and shall discharge all duties and exercise all powers which shall be conferred upon him by any ordinance or resolution of the city council, and in addition, he shall exercise the following powers:

(a) Make surveys and fix grades when required by the city council or city manager; prepare plats, plans and specifications of all improvements which may be undertaken when required; and inspect all work done by any contractor for the city while the work is being performed.

(b) Supervise the construction of all buildings, bridges and other structures, the erection of which is controlled or regulated by the city.

(c) Furnish to any resident, street and sewer grades and building lines whenever required on such terms as the council may prescribe.

(d) Examine all applications for permits to erect buildings and other structures, and approve the same in writing before they are passed upon by the city council.

(e) Make complete maps of all streets, alleys, lanes, parks and public property owned by the city and keep the same on file in his office, and furnish a copy thereof to the city clerk or city manager.

(f) Have general supervision of the streets and alleys in the city and see that the pavements, sidewalks, gutters and sewers are kept clean and repaired.

(g) General supervision of the work of repairing and keeping in repair all pavements, sidewalks, curbs and sewers in the city.

(h) Attend all regular and special meetings of the council and recommend improvements required or suitable for any street, alley, land or locality in the city.

The city engineer shall receive a reasonable compensation for his services, and may, in the discretion of the council, be paid an annual retainer fee, not to exceed one hundred dollars, payable out of the city treasury.

#### *City Health Officer, Duties*

Sec. 15. The city health officer shall be a member of the medical profession in good standing and shall discharge all duties and exercise all powers which shall be conferred upon him by any ordinance or resolution of the city council; he shall report all unsightly, unsanitary and obnoxious conditions existing within the corporate limits of the city; he shall examine all restaurants, hot dog stands, refreshment places and lunch stands within the city and report the sanitary condition thereof; he shall have the right to close any places found to be in an unhealthy and unsanitary condition, dangerous to the health of the inhabitants of the city; supervise the sanitary inspection of the production, transportation, storage and sale of food and food stuffs; he shall provide rules for the collection and disposal of garbage; in the time of epidemic or threatened epidemic he shall enforce such quarantine and isolation rules and regulations as are appropriate for the emergency, and shall at all times have supervision over all contagious and infectious diseases; and perform any and all other duties necessary and essential to promote a healthy and sanitary condition within the city.

#### *Board of Health*

Sec. 16. The mayor, health officer and city attorney are hereby constituted and shall be a city board of health, of which the city health officer shall be chairman, with authority to call meetings of such board of health at such times as he may deem necessary. The board of health shall do and perform all such duties and exercise such powers as may be required of or conferred upon it by legal ordinances or resolutions of the city council. The board of health shall have supervision of the sanitary conditions of the city, and shall have power to summon

witnesses, hear testimony and to do any and all other things necessary and proper in the performance of its duties under this act and shall have such other and further powers as are vested in county health officers and county boards of health under the general laws of the state in such case made and provided.

#### *Policemen, Duties*

**Sec. 17.** The mayor, with the approval of the council, shall appoint a sufficient number of police officers to properly police the city, and shall fix the salaries of said officers in such an amount as they may deem proper.

One of the policemen, so appointed, shall be designated by the mayor as chief of police, and he shall discharge such duties as may be required of him by any ordinance or resolution of the council and he shall act under the orders of the judge of the police court or mayor in administering the police department. He shall have immediate supervision of the other members of the police force and be responsible for the performance by them of their respective duties.

The chief of police and any other police officers appointed by the council shall have all power, rights and privileges within the corporate limits of said city in regard to the arrest of persons, the collection of claims and the execution and return of process as may be legally exercised by a constable of a district within this state; and said chief of police and all police officers so appointed may, without having any warrant or other process therefor, arrest any person who commits a felony, misdemeanor or infraction of the ordinances of the city (although the offense does not amount to a breach of the peace) in his presence.

It shall be the duty of the chief of police to collect the city taxes, licenses, levies, assessments, and other such city claims as are placed in his hands for collection by the council, and he may distrain and sell therefor in like manner as a sheriff may distrain and sell for state and county taxes; and he shall, in all other respects have the same powers as a sheriff to enforce the payment and collection thereof, and all monies collected by him shall be promptly turned over to the city clerk.

#### *Officers May Perform Other Duties*

**Sec. 18.** The mayor, city attorney, city engineer, chief of police, city health officer and any member of the council, or any other elective or appointive officer shall, during the time for which he was elected or appointed, be eligible for appointment to any office under the city; provided such employment is authorized by the council, by resolution for such appointment, but in no case shall the time of service be for a longer period than said council is selected to serve under this act.

#### *Terms of Office*

**Sec. 19.** The mayor and five members of the council shall be elected for the term of four years and their successors shall be elected every four years thereafter, and their terms of office

shall begin on the first day of July of the year in which they shall be elected. All appointed officers shall hold office for a term of four years and until their successors are appointed and qualified, unless they are removed in the way and manner herein provided.  
(Ord. No. 97-CH-1, 11-3-97)

#### *Oath of Office*

**Sec. 20.** The mayor and councilmen, and all other officers provided for in this act, shall each, before entering upon the duties of their respective offices, and within fifteen days after receiving their certificates of election or appointment, take the oath or affirmation of office prescribed by law for all officers of this state, and make oath or affirmation that they will truly, faithfully and impartially, to the best of their ability, discharge the duties of their respective offices so long as they continue therein. Said oath or affirmation may be taken before any person authorized to administer oaths under the laws in force at the time the same is taken, or before the mayor or city clerk of said city after the oath of office has been administered to them. A copy of the oath of each officer, duly signed by him, shall be filed with the city clerk.

#### *Bonds of Officers and Employees*

**Sec. 21.** The council may require bond from any officer or employee in whatever sum they may fix. All bonds of officers or employees shall, before their acceptance, be approved by the council. The minutes of the meeting of council shall show all matters touching the consideration or approval of all bonds, and when said bonds are approved and accepted, they shall be recorded by the city clerk in a well bound book kept by him at his office for that purpose, which book shall be open to public inspection; and the recordation of such bonds, as aforesaid, shall be *prima facie* proof of their correctness, and they, as so recorded, as well as copies thereof duly attested by the city clerk under the seal of the city, shall be admitted as evidence in all courts of this state. The city clerk shall be the custodian of all bonds. All bonds, obligations or other writings taken in pursuance of any provision of this act, shall be made payable to "The City of Welch", and the respective persons, and their heirs, executors, administrators and assigns bound thereby, shall be subject to the same proceedings on said bonds, obligations and other writings for the purpose of enforcing the conditions of the terms thereof, by motion or otherwise, before any court of record held in and for the county of McDowell, that collectors of county levies and their sureties are or shall be subject to on their bonds for enforcing the payment of the county levies.

#### *Salaries*

**Sec. 22.** The salaries of the mayor and members of the council shall be fixed by the council and shall be payable out of the city treasury. The police judge, city manager, city clerk, city physician, city attorney, city engineer, policemen, firemen, and other appointive officers shall

receive such compensation as the council may prescribe by ordinance or order, unless said compensation be fixed by this act, and the same shall not be increased or diminished during the term for which the appointment was made.

(Ord. of 6-15-82)

**State law reference**—Authority of council to override charter provisions relating to salary, W. Va. Code § 8-5-12.

#### *Removal of Officer, Cause*

**Sec. 23.** Any member of the council and any city official either elected or appointed may be removed from his office by the council for the following causes: Official misconduct, incompetence, misappropriation of public funds, habitual drunkenness, neglect of duty or gross immorality. Such removal shall not be made except upon charges regularly filed and acted upon as follows: The charges against any officer shall be reduced to writing and entered of record by the council, and a summons shall thereupon be issued by the city clerk containing a copy of the charges and requiring the officer named therein to appear and answer the same on the day named therein, which summons may be served in the same manner as a summons commencing an action may be served, and the service must be made at least five days before the return day thereof, and it shall require the affirmative vote of a majority of all the members elected to council to remove any such official. An officer proceeded against under the provisions of this section shall be tried before the council and shall have the right to be represented by counsel, and the circuit court of McDowell county shall have concurrent jurisdiction with the council for any of the causes herein mentioned.

The mayor, or any other official having the power of appointment, shall have the right to remove any of his appointees and appoint another qualified person in his place, but such removal shall be made by means of writing served upon such official so removed; and all of the rights and powers of such official shall cease and end from the time of such removal by said appointing officer; *provided*, that the person so removed shall have the right to appeal to the council, which shall hear the charges, and may overrule the action of the mayor and re-instate such officer, or sustain the ruling of the mayor and affirm the removal and discharge.

#### *Vacancies*

**Sec. 24.** Whenever a vacancy for any cause whatever shall occur in the office of mayor or councilman, the council shall elect some qualified person to fill said vacancy until the next city election, and until his successor shall have been elected and qualified, and when such vacancy shall occur in the office of an appointive officer, his successor shall be appointed by the person making the original appointment, or his successor in office.

Whenever any person elected as a member of the governing body of the city is ineligible under this act, to hold said office or fails to qualify for said office as herein provided, said office shall be declared vacant and some person shall be elected to fill said vacancy as herein provided.

In event of the death of the mayor, the city council shall elect a person qualified to act as mayor, as herein provided, to fill the unexpired term of the deceased mayor, and in the event of the absence or inability of the mayor to perform the duties of his office for a period of ninety days, then the office of mayor shall be declared vacant and a successor elected to fill said vacancy in the manner aforesaid, and complete the term of office of the original mayor. In the absence or inability of any appointive city officials to perform the duties of their respective offices, the person or body making the original appointment shall designate some one to fill such office temporarily; or if such absence or inability extends over a period of sixty days, he or it may appoint some one to fill such office permanently.

#### *Nomination of Officers*

Sec. 25. Between the fifteenth and thirty-first day of March preceding a municipal election for the purpose of electing city officials, each political party shall at some convenient place, to be designated by the chairman of the city committee thereof, hold a convention for the purpose of nominating a mayor, councilmember from each ward and two councilmembers at large, and for all municipal political party executive committees to select their chairmen, secretary and executive committee members. Each of the political parties having the right to make nominations for city officials under the election laws of the City of Welch and state of West Virginia, shall give notice of the date, time, place and manner of such nominations as a Class II legal advertisement, as defined in the Code of West Virginia, as amended, in some daily newspaper printed in the City of Welch.

The chairman and secretary of any convention so held shall certify to the council of the City of Welch the names of the candidates named for the respective offices and executive committee positions.

The city clerk is hereby designated as the person in the municipality to perform the same duties performed by the county clerk and the circuit clerk in a county election.  
(Ord. No. 91-CH-2, 12-16-91)

#### *Qualification of Voters*

Sec. 26. Every person who has been a *bona fide* resident of the city for thirty days next preceding a city election therein, and who is a qualified voter under the constitution and laws of this state shall be entitled to vote at said city election in the election precinct in which he actually resides.

(Ord. No. 99-CH-1, 9-7-99)

#### *Registration of Voters*

Sec. 27. The registration of voters of the City of Welch shall be integrated with the system of permanent registration of voters established by West Virginia Code Section 3-2-1, et seq. No voter otherwise qualified shall be permitted to vote an unchallenged ballot at any election

CITY OF WELCH  
ORDINANCE 06-01

AN ORDINANCE TO AMEND §28 OF THE CHARTER OF THE CITY OF WELCH, WEST VIRGINIA FOR ELECTION OF ALL CITY OFFICIALS; TO SET QUALIFICATIONS OF NOMINEES; TO PROVIDE FOR FILING OF CANDIDATES AND TO SET DATES FOR A NONPARTISAN GENERAL ELECTION

Be it That § 28 of the City Charter is amended by the City Council as follows:

- Section \_\_\_-1            Non-partisan elections of city officials
- Section \_\_\_-2            Requirements and qualifications for candidates for city offices
- Section \_\_\_-3            Provisions for filing for election, and setting filing period
- Section \_\_\_-4            Provision for the date of a non-partisan general election

**SECTION 1: Non-partisan elections of city officials**

Upon the passage of this ordinance the election of all elected city officers for the city of Welch will be by a non-partisan ballot without reference or preference to any political party or affiliation. Such offices will open to any qualifying individual regardless of current party affiliation. As Chapter 3.5 of the City Code is in conflict with the provisions of this ordinance it is hereby repealed and amended.

**SECTION 2: Requirements and qualifications for candidates for city offices**

Any candidate filing for any elected office for the city of Welch must file a certificate of announcement at Welch Town Hall, during the appointed filing period, indicating which office he wishes to run for as a candidate. That candidate must have been a resident of the city of Welch for at least 30 days prior to filing for any office of the city of Welch. Such candidate must be at least 18 year of age, and not have any prior conviction of a felony in the United States of America or in any of its political subdivisions; and that candidate must file his or her certificate of announcement in person, unless that candidate has a physical handicap that would make it impossible to file in person. Each candidate will be assessed a filing fee equal to one percent of the salary received by that office in the year prior to the election.

**SECTION 3: Provisions for filing for election, and setting filing period.**

The period for filing a certificate of announcement will begin the second Tuesday in March and will end 14 days later. All candidates will meet at the Welch Town Hall on the 15<sup>th</sup> day after the beginning of the filing period and will select the order their names

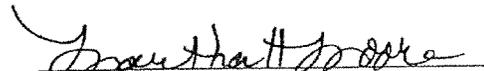
will appear on the ballot by a random drawing to be conducted by the City Clerk. Any candidate who does not appear at this drawing will be placed on the ballot in alphabetical order by last name immediately after the last name randomly drawn for that particular office.

**SECTION 4: Provision for the date of a non-partisan general election**

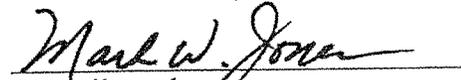
The election among those qualified candidates who have properly filed certificates of announcement will be held on the second Tuesday in June. The candidate who garners the plurality of the votes for a particular office will be declared the winner of the race for that particular office.

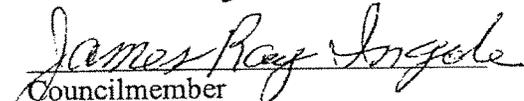
1<sup>st</sup> Reading - February 23, 2006

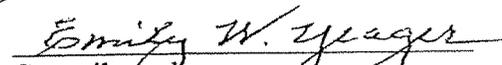
2<sup>nd</sup> Reading - March 6, 2006

  
Martha H. Moore, Mayor

  
Robin Owens, City Clerk

  
Councilmember

  
Councilmember

  
Councilmember

  
Councilmember

\_\_\_\_\_  
Councilmember

CHARTER

§ 27

for the purposes aforesaid, after having given at least five days' notice of the time, place and purpose of said meeting by publication in some newspaper of general circulation in said city.

The council may, and in the case of a special election shall, at a meeting to be held for that purpose at least fifteen days prior to the date of said election, register any legal voter or voters whose names have been omitted by said registrars, and said council shall give at least five days' notice of said meeting by publication in some newspaper of general circulation in said city, which notice shall state the time and place of said meeting and its intention to correct the registration of voters of said city, *however*, it shall not be necessary to have a special registration of voters for any special election, but the preceding registration of voters for the last general election, with such additions as are hereinbefore provided for, shall be the proper registration for such special election.

within the municipality unless he or she is duly registered under the provisions of West Virginia law. The registration records shall be maintained by and shall remain in the possession of the Clerk of the County Commission, except for use in municipal elections. (Ord. No. 99-CH-1, 9-7-99)

#### *Compensation of Registrars*

Each of said registrars appointed under the provisions of this act, shall receive as compensation for their services the sum of ten cents for each name so registered by them, which said amount shall also be allowed for each name thereafter added to said list, provided said registrars, when sitting for the purpose of amending, correcting and adding names to said registration list, as hereinabove provided, shall be paid a minimum fee of five dollars for their services. Compensation of the registrars shall be allowed by the council payable out of the city treasury.

#### *Elections*

**Sec. 28.** The first election for the mayor and council member under this charter (as amended by 97-CH-1) shall be held on the first Tuesday in June, one thousand nine hundred and ninety-eight, and every four years thereafter on the first Tuesday in June there shall be elected by the qualified voters of said city a mayor and two council members at large, and by the qualified voters of each of the three wards one council member.

The city clerk, immediately upon receiving certificate of nominations of candidates for city offices made by conventions held in the city, herein provided for, shall cause ballots to be printed with the names of candidates duly named placed thereon.

In all elections by the people, the mode of voting shall be by ballot, but the voters shall be left free to vote open, sealed or secret ballots, as they may elect. The election in said city shall be held and conducted, and the result thereof certified, returned and officially determined under the laws in force in this state relative to general elections, except that the persons conducting said election shall, on the day after the election is held, deliver the ballots, tally sheets and poll books to the city clerk, and thereafter the council of said city shall within five days (Sundays excepted) after said election, canvass the returns of said election and declare the results thereof, issuing certificates of election to the persons elected, as shown by said canvass of the returns thereof, and in all respects comply with the requirements of the laws of the state relating to elections in force at that time. The corporate authorities of said city shall perform all duties in relation to said elections required by general law of the county commission. And the provisions of the election laws of the state of West Virginia in effect on the date of said election, concerning elections by the people shall govern such elections and be applicable thereto, and the penalties therein prescribed for offenses relating to elections shall be enforced against the offenders of such corporate elections; and the said act shall have the same force and effect as if it were specially applicable in such corporate elections and was by this act re-enacted in *extenso*; except as above modified as to the time in which the returns of the election and canvass thereto shall be made.

Whenever two or more persons receive an equal number of votes for mayor or council member, the council in office at the time the election is held shall choose by lot which of the two or more persons receiving the same number of votes shall be entitled to the office for which he/she received the votes.

In the event of a demand by any candidate for a recount of the votes cast at said election or in event of the institution of a proceeding to contest said election, the council in office at the time of said election shall hold over and remain in office for the purpose of passing upon and deciding such recount or contest of election and for any other purpose; and nothing herein provided shall be construed to interfere with the duties, affairs and authority of the new and incoming council. The re-count or contest of election shall be made and conducted in the manner provided for as in contests for county and district officers, and the council by their proceedings in such cases shall, as nearly as practicable, conform with like proceedings of the county court in such cases.

The unsuccessful part in a recount or contested election shall have the right to appeal from the decision of the city council to the circuit court of McDowell county and upon an appeal being taken as aforesaid, it shall be the duty of the council to certify to the circuit court of said county, under the seal of the city, all the proceedings had in said recount or contested election.  
(Ord. No. 97-CH-1, 11-3-97)

#### *Corporate Powers*

**Sec. 29.** The council of said city shall have, and is hereby granted power to have said city surveyed, to lay out, open, vacate, straighten, broaden, change grade of, grade, re-grade, curb, widen, narrow, repair, pave and re-pave streets, alleys, roads, squares, plots, sidewalks and gutters for public use, and to alter, improve, embellish and ornament and light the same, and to construct and maintain public sewers and laterals, and shall, in all cases, have power and authority to assess upon and collect from, the property benefited thereby, such part of the expense thereof as shall be fixed by ordinance, except as hereinafter provided; to have control of all streets, avenues, roads, alleys and grounds for public use in said city, and to regulate the use thereof and driving thereon, and to have the same kept free from obstruction, pollution or litter on or over them; to have the right to control all bridges within said city, and the traffic thereover; to change the name of any street, avenue or road within said city, and regulate and cause the numbering and re-numbering of houses on any street, avenue or road therein; to regulate the naming of streets, avenues and public places; to regulate and determine the width of streets, sidewalks, roads and alleys; to order and direct the curbing, re-curbing, paving and re-paving and repairing of sidewalks and footways for public use in said city to be done and kept clean and in good order by the owners of adjacent property; to prohibit and punish the abuse of animals; to restrain and punish vagrants, medicants, beggars, tramps, prostitutes, drunken or disorderly persons within the city, and to provide for their arrest and manner of punishment; to prohibit and punish by fine the bringing into the city by railroads or other carriers, persons known to be paupers, dangerous or objectionable characters or afflicted with contagious diseases; to control and suppress disorderly houses of prostitution or ill-fame,

houses of assignation and gaming houses or any part thereof, to punish those engaged in gaming and to suppress all gaming or gambling houses, and all places where gambling or betting is in any way connected therewith; to prohibit within the city or within one mile thereof, slaughter houses, soap or glue factories and houses and places of like kind, and any other thing or business dangerous, unwholesome, unhealthy, offensive, indecent or dangerous to life, health, peace or property; to provide for the entry into the examination of all dwellings, lots, yards, enclosures, buildings and structures, cars, and vehicles of every description, and to ascertain their condition for health, cleanliness or safety; to regulate the building and maintenance of party walls, partition fences or lines, fire walls, fire places,

chimneys, boilers, smoke stacks and stove pipes; to provide for and regulate the safe construction, inspection and repairs of all public and private buildings, bridges, basements, culverts, sewers, or other buildings or structures of any description; to take down and remove or make safe and secure, any and all buildings, walls, structures or super-structures at the expense of the owners thereof, that are or may become dangerous, or to require the owners or their agents to take down and remove them or put them in a safe and sound condition at their own expense; to regulate, restrain or prohibit the erection of wooden or other buildings within the city; to regulate the height, construction and inspection of all new buildings hereafter erected, and the alteration and repair of any buildings already erected or hereafter erected in said city, and to require permits to be obtained for such buildings and structures, and plans and specifications thereof to be first submitted to the city engineer; to regulate the limit within which it shall be lawful to erect any steps, porticos, bay windows, bow windows, show windows, awnings, signs, columns, piers or other projection or structural ornaments of any kind for the houses or buildings fronting on any street of said city; to establish fire limits and to provide the kind of buildings and structures that may be erected therein, and to enforce all needful rules and regulations to guard against fire and danger therefrom; to require, regulate and control the construction of fire escapes for any building or other structures in said city, to control the opening and construction of ditches, drains, sewers, cess-pools, and gutters, and to deepen, widen and clear the same of stagnant water or filth, and to prevent obstruction therein, and to fill, close or abolish the same and to determine at whose expense the same shall be done; and to build and maintain fire station houses, crematories, jails, lockups, and other buildings, police stations and police courts, and to regulate the management thereof; to acquire, establish, lay off, appropriate, regulate maintain and control public grounds, squares and parks, hospitals, market houses, city buildings, libraries and other educational or charitable institutions, either within or without the city limits, and when the council determines that any real estate rights therein, or materials in or out of the city is necessary to be acquired by said city for any such city purpose, or for any public purpose, or is necessary in the exercise of its powers herein granted, the power of eminent domain is hereby conferred upon said city, and it shall have the right to institute condemnation proceedings against the owner thereof, whether said property be in or out of said city, in the same manner, to the same extent, and upon the same conditions as such power is conferred upon public service corporations by chapter forty-two of the code of West Virginia of the edition of one thousand nine hundred and six, and is now or may be hereafter amended; to purchase, lease or contract for and take care of all public buildings and structures and real estate deemed proper for the use of such city; and for the protection of the public to cause the removal of unsafe walls, structures or buildings, and the filling of excavations; to prevent injury or annoyance to the business of individuals from anything dangerous, offensive or unwholesome; to abate or cause to be abated all nuisances and to that end and thereabout to summon witnesses and hear testimony; to regulate or prohibit the keeping of gunpowder and other combustible or dangerous articles and to regulate the transportation of same through the streets, alleys and public places; to regulate, restrain or prohibit the use of firecrackers or other explosives or fireworks, and all noises or performances which may be dangerous, indecent or annoying to persons or tend to frighten horses or other animals; to provide and maintain proper places for the burial of the dead, in or out of the city, and to regulate interments therein upon such terms and

conditions as to price and otherwise, as may be determined; to provide for shade and ornamental trees, shrubbery, grass, flowers and other ornamentation, and the protection of the same; to provide for the poor of the city; to make suitable and proper regulations in regard to the use of the streets, public places, sidewalks and alleys by foot passengers, animals, vehicles, motors, automobiles, traction engines, railroad engines and cars, and to regulate the running and operation of the same so as to prevent obstruction thereon, encroachment thereto, injury, inconvenience or annoyance to the public; and to regulate fares and operation of motor vehicles used in the public transportation of passengers or property; to purchase or otherwise secure life, health and accident policies on the group or other convenient plan upon the members of the city police force and fire department, and as an element of compensation of such members may appropriate the moneys necessary to defray the cost thereof. Whenever in its opinion the safety of the public so requires, the council may authorize or require by ordinance any railroad company operating railroad tracks upon or across any public street or streets of the city, to construct and maintain overhead or undergrade crossings wherever the tracks of said company are laid upon or across the public streets of such city; to apportion the cost of the construction and maintenance of such crossings between any such railroad company and city in accordance with the state law; to prohibit prize fighting and cock and dog fighting; to license, tax, regulate or prohibit theaters, moving pictures, circuses and exhibition of showmen and shows of any kind, and the exhibition of natural or artificial curiosities, carnivals, menageries and musical exhibitions and performances, and other things or business on which the state does or may exact a license tax; to organize and maintain fire companies and departments, and to provide necessary apparatus, engines and implements for the same and to regulate all matters pertaining to the prevention and extinguishing of fires; to make proper regulations for guarding against danger and damage from fires, water or other elements; to regulate and control the kind and manner of plumbing and electric wiring, air-ships, balloons, wireless stations, radio stations and other appliances for the protection of the health and safety of said city; to levy taxes on persons, property and licenses; to license and tax dogs and other animals and regulate, restrain and prohibit them and all other animals and fowls running at large; to provide revenue for the city and appropriate the same to its expenses; to adopt rules for the transaction of business of its own regulation and government; to promote the general welfare of the city, and to protect the persons and property of citizens therein; to regulate and provide for the weighing of produce and other articles sold in said city and to regulate the transportation thereof and other things, through the streets, alleys and public places; to have the right to grant, refuse or revoke any and all licenses for the carrying on of any business within said city on which the state exacts a license tax; to establish and regulate markets and to prescribe the time for holding the same, and what shall be sold in such market, and to let stalls or apartments and regulate the same; to acquire and hold property for market purposes; to regulate the placing of signs, billboards, posters and advertising on or over the streets, alleys, sidewalks and public grounds of said city; to preserve and protect the peace, order and safety and health of the city and its inhabitants, including the right to regulate the sale and use of cocaine, morphine, opium and poisonous or dangerous drugs; to appoint and fix the place of holding city elections; to erect, own, lease, authorize or prohibit the erection of gas works, electric light works or water works in or near the city, and to operate the same, and to sell the product or services thereon and to

do any and all things necessary and incidental to the conduct of such business; to provide for the purity of water, milk, meats and provisions offered for sale in said city, and to that end provide for a system of inspecting the same and making and enforcing rules for the regulation of their sale, and to prohibit the sale of any unwholesome or tainted milk, meats, fish, fruit, vegetables, or the sale of milk, containing water or other things not constituting a part of pure milk; to provide for inspecting dairies and slaughter houses, whether in or outside of the city, where the milk and meat therefrom are offered for sale within said city, and to prohibit the sale of any article deemed unwholesome, and to condemn the same or destroy or abate it as a nuisance; to provide for the regulation of public processions so as to prevent interference with public traffic, or prohibit any parade or demonstration wherein the participants are marked, and to promote the good order of the city; to prescribe and enforce ordinances and rules for the purpose of protecting the health, property, lives, decency, morality, cleanliness and good order of the city and its inhabitants, and to protect places of divine worship in and about the premises where held and to punish violations of all ordinances, if the offense under and against the same shall also constitute offenses under the laws of the state of West Virginia or the common law; to provide for the employment and safe keeping of persons who may be committed in default of payment of fines, penalties or costs under this act, who are otherwise unable to discharge the same, by putting them to work for the benefit of the city upon the streets or other places in or out of the city provided by said city, and to use such means to prevent their escape while at work as the council may deem expedient; and the council may fix a reasonable rate per day as wages to be allowed such persons until the fine and costs against him are thereby discharged; to compel the attendance at public meetings of the members of the council; to have and exercise such additional rights, privileges and powers as are granted to municipalities by chapter forty-seven of the code of West Virginia as amended.

For all such purposes, except that of taxation and for purposes otherwise limited by this act, the council shall have jurisdiction, when necessary, for one mile beyond the corporation within said one mile limit.

And the council shall have the right to establish, construct and maintain public markets and parking places on any ground which does or shall belong to said city, or which it shall acquire, by purchase or otherwise, and to sell, release, repair, alter or remove any public markets or buildings which have been or shall be so constructed; to maintain on property owned by the City of Welch, or on certain designated streets, stalls for taxi cars and busses and to levy and collect a reasonable monthly rental for said stalls and parking places.

To carry into effect these enumerated powers and all other powers conferred upon said city expressly or by implication in this and other acts of the legislature, the council of said city shall have the powers in the manner herein prescribed, to adopt and enforce all needful orders, rules and ordinances not contrary to the laws and constitution of this state; and to prescribe, impose and enforce reasonable fines and penalties, including imprisonment in the city lock-up, jail or stationhouse, and to work prisoners found guilty, as the council may prescribe, and market the products of such labor, and with the consent of the county court of McDowell county entered of record, shall have the right to use the jail of said county for any purpose necessary to the administration of its affairs.

*Eminent Domain*

Sec. 30. The City of Welch as herein created or continued shall have the right under the power of eminent domain to condemn, acquire and appropriate any property and acquire the fee simple title or any lesser estate or easement therein for any public use, whether said property be located within or outside of the corporate limits of said city, including the right to acquire property for opening and widening streets, alleys and public places, and for the construction and maintenance of sewer lines, sewerage disposal plants, water lines and mains, pump stations, reservoirs or reservoir sites, dams for storing water, and the right to create storage reservoirs by flooding adjacent properties, and for every other purpose required in the construction, maintenance, and operation of water systems and plants for the purpose of supplying water to the public. The proceedings to acquire such lands, estates, or easements shall be the same as provided by general laws of the state of West Virginia for condemning and appropriating private property for public use.

*Nuisances*

Sec. 31. "The council of the city upon its own motion, or upon the recommendation of the city health officer, board of health, chief of police or mayor, shall have authority to abate and remove all nuisances in said city. It may compel the owners, agents, assignees, occupants or tenants of any lot, premises, property, building, or structure upon, or in which any nuisance may be, to abate and remove the same by orders therefor, and by ordinance provide a penalty for the violation of such orders."

Said council may also by its own officers, appointees, and employees abate and remove nuisances, including all obstructions on the streets and alleys of said city. It may by ordinance regulate the location, construction, repair, use, emptying, and cleaning of all water closets, privies, cess-pools, sinks, plumbing, drains, yards, lots, air ways, pens, stables, and other places where offensive and dangerous substances or liquids are, or may accumulate, and provide suitable penalties for violations of such regulations, which may be enforced against the owner, agent, assignee, occupant, or tenant of any premises or structure where such violation may occur.

It shall be unlawful for any filling station, garage, auto shop, store, person or corporation to maintain and operate gas or oil tanks or any other fixtures within the streets or upon the sidewalks in the city, and the maintenance of gas tanks, oil tanks and other fixtures upon the streets and sidewalks of the city shall be deemed a nuisance, and the city shall have the right to abate and remove the same as herein provided.

The owner, agent, tenant, assignee, or occupant of any such premises, lot, property, building or structure, as is mentioned herein, or the owner or operator of any gas tanks, oil tanks and other fixtures in and upon the streets and sidewalks as mentioned herein, shall be notified in writing to abate and remove said nuisance, which said notice shall be served by a police officer in the same manner provided for the service of process to commence suits, at least fifteen days before any further action is taken. Said notice shall require the person or corporation to abate and remove said nuisance or forthwith appear before the council and show cause why the same should not be abated and removed.

After the notice aforesaid, and the hearing, if required, is had, and upon the failure of the party responsible to abate and remove said nuisance, then the council, by a proper order passed and entered in the minutes of the meeting, shall abate and remove said nuisance, and collect the expenses thereof from the owner, occupant, tenant, agent, or assignee, by distress or sale, in the same manner in which taxes levied upon real estate for the benefit of said city are herein authorized to be collected. In the case of non-resident owners of real estate, the notice herein provided may be served upon any tenant, occupant, assignee, or rental agent of the owner, or by publication thereof once a week for two successive weeks in some newspaper of general circulation in said city. The abatement or removal of any such nuisance herein provided, shall be *prima facie* proof that the said notice to the owner, occupant, tenant, agent or assignee was given as herein prescribed."

The council may require all owners, tenants or occupants of improved property which may be located upon or near any street or alley along which may extend any sewer or system of sewerage, which the said city may construct, own or control, to connect with such sewer or system of sewerage, all privies, ponds, water closets, cess-pools, drains, or sinks located upon their respective properties or premises so that their contents may be made to empty into such sewer or system of sewerage, and shall have the right to charge a reasonable amount for the right to connect to such sewer.

#### *Establishment of Jails*

**Sec. 32.** The City of Welch shall have the right to establish jails and places for the detention of prisoners of said city at any place within McDowell county, and all prisoners arrested and imprisoned when awaiting trial or after conviction shall be imprisoned in the jail so established and designated by the council as the city jail, or such prisoners may be imprisoned in the county jail of McDowell county, West Virginia, and the jailer of said McDowell county is hereby required to receive and safely keep any prisoners of said city who shall be sentenced to the county jail under the provisions hereof. *Provided, however,* that the said city shall reimburse the county for all expenses sustained in keeping such prisoners.

In the event the city council establishes a jail under the provisions of this act, then said council shall have the right to employ a jailor therefor at a reasonable salary, and to employ such other servants as may be necessary to properly maintain said jail.

The establishment and maintenance of said jail shall be paid for out of the general fund.

#### *Franchises*

**Sec. 33.** Franchises shall be granted by the council, allowing to persons or corporations, for a limited time, such occupancy of portions of the street as may be necessary for works of public utility and service, such as steam railway tracks, street railway tracks, poles and trolley wires, telephone and telegraph poles and subways, electric light and other electric poles, wires and subways, and gas and steam pipe lines, water, water lines and pipes. But no such franchise shall hereafter be granted except under the following restrictions:

- (1) No ordinance, granting any franchise for the use of the streets, alleys or public grounds of the city for any of the purposes of public utility above named, or for any other purpose of like nature, shall be passed unless it shall have been first proposed to the council, and notice of the object, nature and extent of the franchise shall have been published for at least thirty days by the applicant in some newspaper of general circulation in the City of Welch, before being acted upon, and shall have received a vote of the majority of the members of the council at a regular meeting after said publication. The votes thereon shall be taken by ayes and noes, and the same entered upon the minute book.
- (2) Every grant of any such franchise shall be for a limited period of time. If no limit be expressly provided for in the grant, the franchise shall be valid for one year only. In no case shall the franchise extend for a period exceeding fifty years.
- (3) No grant of any such franchise shall be made without, at the time of making it, providing that the grantee shall indemnify the city against all damages caused by the construction of such work. All reasonable additional provisions and conditions may be made for the protection of the public from unnecessary damage or inconvenience by reason of such works and the operation thereof. The franchise, when granted and reduced to writing, shall first be approved by the city attorney, before being executed by the mayor and city clerk.
- (4) No grant of a franchise or the extension of, or an addition to, any line of such work, over any additional street or territory of the city, shall be made for a period extending beyond the time limited for the expiration of the franchise of the principal work of which it is an extension; and if the franchise of the principal company or work is one which was granted before this act goes into effect, and is not limited as to time, the franchise granted for the extension or addition shall nevertheless be made subject to the conditions hereof, including a time limit of not exceeding fifty years. If a franchise be secured from the city by an individual or by an independent or new company, and the work constructed thereunder afterwards becomes a part of it, or be operated as a part of a larger work of the same kind whose franchise was previously obtained and is limited to expire earlier, such later franchise shall, by reason of such annexation, merger, or single operation, expire simultaneously with such earlier franchise.

#### *Ordinances*

Sec. 34. All ordinances shall be adopted in accordance with the following requirements:

- (1) The style of ordinances of the city shall be, "Be it enacted and ordained by the council of the City of Welch."
- (2) All ordinances shall be presented in writing.
- (3) No ordinance shall contain more than one subject which shall be clearly expressed in its title.

- (4) A proposed ordinance shall be read by title at not less than two meetings of the council with at least one week intervening between each meeting, unless a member of the council demands that the ordinance be read in full at one or both meetings. If such demand is made, the ordinance shall be read in full as demanded.
- (5) At least five days before the meeting at which a proposed ordinance, the principal object of which is the raising of revenue for the city, is to be finally adopted, the council shall cause notice of the proposed adoption of said proposed ordinance to be published as a legal advertisement one time in two qualified newspapers of opposite politics whose publication area shall be the City of Welch. The notice shall state the subject matter and general title or titles of such proposed ordinance, the date, time and place of the proposed final vote of adoption, and the place or places within the city where such proposed ordinance may be inspected by the public. A reasonable number of copies of the proposed ordinance shall be kept at such place or places and be made available for public inspection. Said notice shall also advise that interested parties may appear at the meeting and be heard with respect to the proposed ordinance.
- (6) A proposed ordinance shall not be materially amended at the same meeting at which finally adopted.
- (7) The council may adopt, by ordinance, building codes, housing codes, plumbing codes, sanitary codes, electrical codes, fire prevention codes, or any other technical codes dealing with general public health, safety or welfare, or a combination of the same, or a comprehensive code of ordinances, in the manner prescribed in this subsection (7). Before any such ordinance shall be adopted, the code shall be either printed or type-written and shall be presented in pamphlet form to the council at a regular meeting, and copies of such code shall be made available for public inspection. The ordinance adopting such code shall not set out said code in full, but shall merely identify the same. The vote on adoption of said ordinance shall be the same as on any other ordinance. After adoption of the ordinance, such code or codes shall be certified by the mayor and shall be filed as a permanent record in the office of the city clerk, who shall not be required to transcribe and record the same in the ordinance book as other ordinances are transcribed and recorded. It shall not be necessary that the code itself be so published, but before final adoption of any such proposed ordinance, notice of the proposed adoption of such ordinance and code shall be given by publication as herein provided for ordinances the principal object of which is the raising of revenue for the city, which notice shall also state where, within the city, the code or codes will be available for public inspection.
- (8) The council may enact an ordinance without complying with the rules prescribed in this section only (1) in the case of a pressing public emergency making procedure in accordance with the provisions of this section dangerous to the public health, safety or morals, and by affirmative vote of two thirds of the members elected to the governing body, or (2) when otherwise provided in this charter. The nature of any such emergency shall be set out in full in the ordinance.

- (9) All ordinances passed by the council shall be kept in a well bound book, and shall be indexed.
- (10) No ordinance shall become effective unless a majority of the members elected to council vote in the affirmative for the passage of the ordinance.
- (Ord. No. 91-CH-1, 12-16-91)

*Meetings of Council*

**Sec. 35.** The regular meetings of the council shall be publicly held at the city hall on the first Monday in each calendar month, the hour of such meetings to be fixed by the council in the rules adopted by it.

Special meetings of the council shall be held when called by the mayor or three members of the council. In the latter case the call therefor shall be in writing and signed by the members issuing it and shall state the time and place of meeting and the purpose thereof; and a copy thereof shall be served upon each member of the governing body then in the city. No business other than that stated in such call shall be considered at such meeting.

The mayor shall be the presiding officer of all regular or special meetings of the council, and whenever for any reason he shall be absent from the city, or unable to attend the duties of his office temporarily, a member of the council shall be selected as president *pro tem* of the council and as such perform the duties of the mayor, and preside over said council meeting.

Unless otherwise herein provided, the vote upon any question or motion before the council may be *viva voce* when unanimous; but if the question or motion does not receive the unanimous vote of the members present, the vote shall be taken by roll call of the members and made a part of the minutes of the meeting, and when the vote is unanimous the minutes shall so state.

The mayor shall have a vote as a member of the council, and in the event his vote upon any motion, question, resolution or ordinance, shall cause a tie vote of the members of the council present then said motion, question, resolution or ordinance shall be declared lost and not carried. In no case shall the presiding officer vote twice on the same proposition.

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

*Quorum*

**Sec. 36.** A majority of the whole number of members elected to the council shall be necessary for the transaction of business, but a smaller number may adjourn from time to time and may compel the attendance of absent members, in such manner and under such penalties as it may by rules provide. If a majority of the whole number of members elected to the council be present at a regular meeting they may proceed to business although the mayor be not present. In the absence of the mayor the councilmen present shall select one of their number as presiding officer *pro tem* of the council.

*Record Books*

**Sec. 37.** The council shall cause to be kept by the city clerk in a well bound book to be called the "Minute Book" an accurate record of all its proceedings, ordinances, acts, orders and resolutions, and in another to be called "Ordinance Book," accurate copies of all general ordinances adopted by the council; both of which shall be accurately indexed and open to the inspection of anyone required to pay taxes in the city, or who may be otherwise interested therein.

All oaths and bonds of officers in the city, and all papers of the council shall be endorsed, filed and securely kept by the city clerk. The bonds of officers shall be recorded in a well bound book to be called "Record of Bonds."

The council shall from time to time cause such additional books to be kept by the city clerk as are necessary to properly record the proceedings of the council and keep in an orderly condition records of the financial and other affairs of the city.

*Auditing Books*

**Sec. 38.** The council shall by proper ordinance provide for the auditing of all the books and accounts of the city, at least once each year, and shall appoint or employ a reputable person for such purpose, and such audit shall show the complete financial condition of the city at the time thereof, and the receipts and disbursements of all monies during such year. The council shall also provide by ordinance for the publication of such audit of the financial condition of the city at least once each year, and such audit shall be spread upon the records of the council and be a public record for all purposes.

*City Funds—Receipt and Disbursement*

**Sec. 39.** All monies belonging to the city shall be paid over to the city clerk who shall be *ex officio* treasurer of the city, and no money shall be paid out by the city clerk, except as the same shall have been appropriated by the council and upon an order signed by the mayor, and

not otherwise. All warrants for the disbursement of funds for the city shall be signed by the city clerk and countersigned by the mayor.

*Estimate of Expenses*

Sec. 40. A financial committee shall be appointed from the council members, by the mayor, which, together with the mayor shall constitute a finance committee which shall on or before the first day of August in each year, prepare and submit to the council a budget or estimate of the amount of money necessary and advisable to be expended by the city for the current year next ensuing and to be provided for by the tax levy as herein provided for such current year, in which estimate the finance committee shall ascertain and present a detailed and itemized account or estimate of the money necessary to pay interest on the bonded indebtedness of the city, the amount required for the several sinking funds, for the reduction of the principals thereof, the amount to be expended severally for the streets, alleys, curbing, water works, police department, fire department, street paving, sewers, salaries, parks, real and personal property, contingent expenses and other proper municipal expenditures and expenses, together with an itemized statement of the estimated receipts, other than that to be derived from the annual levy, and after receiving such estimates, and before making the levy the council shall apportion the rate thereof (including estimated receipts for licenses and all other sources), among the several funds to ascertain and provide for, which said apportionment when adopted, shall be spread upon the records of the council.

*Taxation*

Sec. 41. The council shall be governed in all respects in laying the annual levy or any additional or special levy by chapter nine of the acts of the extraordinary session of the legislature of West Virginia of one thousand nine hundred and eight and by chapter eighty-five of the acts of the session of the legislature of one thousand nine hundred and fifteen as the same is amendatory of certain sections of the said chapter nine of the said acts of one thousand nine hundred and eight, except that they may include a poll tax of not exceeding one dollar each year upon each able-bodied man therein, who is above the age of twenty-one years and not over fifty years of age, which poll tax shall be used exclusively for opening, improving and maintaining roads, streets and alleys of the city, and shall designate the same as the "street taxes"; and the said council may also impose such license tax upon dogs and other animals as they may deem proper, and collect the same from the owners of such animals as other taxes are collected, and prescribe such rules, regulations and penalties governing the payment of such tax on animals as they may deem reasonable. And the general annual levy upon the taxable property within the corporate limits of said city shall not exceed the sum of eighty cents upon each one hundred dollars valuation. But in addition to said levies above mentioned, and in addition to any levies provided by the general law, with which these are not meant to conflict, the council of said city is empowered to and shall lay a special annual levy not to exceed ten cents on each one hundred dollars valuation of the property in said city for the purpose of creating a sinking fund with which to pay off the principal of the present outstanding bonded indebtedness of said city when the same becomes due and for the purpose of paying annually, when due, the interest coupons of the said present outstanding bonded indebtedness of the said city, which said special levy shall be continued annually by the

council for as many years as may be necessary to pay off said present outstanding bonded indebtedness and the interest coupons that may become due thereon, but no longer. Also, in addition to the above, the said council, beginning with the year one thousand nine hundred and twenty-five, is empowered to and shall lay a special annual levy not to exceed five cents on each one hundred dollars valuation of the property in the said city for the purpose of paying off any outstanding orders issued against the treasury of said city prior to July the first, one thousand nine hundred and twenty-four, and for the purpose of paying off any debts contracted prior to said date, or any judgment taken against the said city prior to said date. And both of the aforesaid special levies, when collected, shall be used for no other purpose than for the aforesaid purposes for which they shall be laid as aforesaid.

*Assessment and Collection of Taxes*

Sec. 42. For the purpose of taxation the assessed valuation of real and personal property within the city, subject to taxation, shall be the same as the assessed valuation placed thereon by the assessor of McDowell county for real and personal property lying within the corporate limits of the city. The city clerk shall list all real and personal property subject to taxation within the city, together with the names of the owners thereof and return the same to the council on or before the first day of October of each year. He shall ascertain the assessed valuation of all real and personal property fixed by the county assessor and place said valuation opposite the names of the owners of said real and personal property.

He shall make out proper tax tickets in the following manner, to-wit: There shall be a single ticket for the whole amount charged to any person, firm or corporation, and after the tickets have been examined, compared and found to be correct by the council, they shall be turned over to the chief of police by the first day of November following the levy. The chief of police shall receipt for the gross amount and then give notice by publication in a newspaper of general circulation in the city and posting thereof in conspicuous places in said city for at least ten days, stating that the tax tickets are in his hands for collection, the penalty for non-payment thereof, and where the same may be paid; *provided, however*, that the chief of police may first mail to the taxpayers tax tickets for tax on their property and in the event of non-payment proceed to collect the same in the manner herein provided. Immediately upon the payment of said taxes or any part thereof, any amount so collected shall be turned over to the city clerk who shall receipt therefor. All taxes shall be due and payable within thirty days after expiration of the notice posted and published or mailed as aforesaid, and in case the same are not paid within that time, the chief of police may distrain and sell therefor in like manner as the officer collecting state taxes may distrain therefor, and he shall have in all other respects the same power to enforce the payment and collection thereof. On all tickets remaining uncollected in the hands of the chief of police on the first day of January following notice and publication of taxes aforesaid, a penalty of five per cent shall be added and collected, together with six per cent interest until paid.

A discount of two and one-half per cent may be allowed on all taxes paid on or before November thirtieth.

There shall be a lien upon all real estate within said city for the city taxes assessed thereon, including such penalties and interest added thereto for nonpayment thereof as are

prescribed by this act, from the first day of January following the date when said taxes are due and payable as herein provided. Said lien may be enforced in any court of record in McDowell county by proper suit, provided such suit be entered within five years after said liens attach as herein provided, such suit may either be by or in the name of the City of Welch as plaintiff or said city may intervene by petition in any suit to sell or enforce the lien against real estate which is subject to such liens for said taxes. The liens herein created shall have priority over all other liens except those for taxes due the state and county. It shall be the duty of the city clerk at the expiration of the tax collection period to return to the auditor of the state of West Virginia, real estate delinquent for the nonpayment of taxes in the same manner as the sheriff of McDowell county is authorized, empowered and directed to make return of real estate delinquent for the nonpayment of taxes. And the laws of the state of West Virginia in relation to delinquent taxes and the sale of property therefor are hereby in all respects adopted as to all proceedings in relation to taxes for city purposes delinquent in said city. And the powers and duties conferred by the laws of said state upon county courts and their clerks and sheriffs in regard to delinquent taxes and their collection, are hereby in all things conferred upon said city council, its city clerk and other city officials whose duties are of a similar nature as those of said county officials, in so far as the same may be directly or by implication applicable in the collection of delinquent taxes due said city.

#### *Licenses*

**Sec. 43.** Whenever anything for which state license is required is to be done within the city, the city council may require a city license to be had for doing the same and may in any case require from any person licensed a bond with surety in such penalty and with such conditions as may be proper for the protection of the public health, safety or morals. The council shall prescribe by ordinance the time and manner in which licenses of all kinds shall be applied for and granted and shall require the payment of the taxes thereon to the city clerk before the delivery thereof to the person applying therefor, which tax shall include the same fees for the issuance of such license as are charged for similar services of state and county officers, which fee shall be paid into the city treasury.

The council may refuse to grant license to any person or corporation for good cause shown and shall have the right to revoke any such license granted for a breach of any of the conditions or for other good cause shown, but the person or corporation holding such license shall first be given reasonable notice of the time and place of hearing and adjudicating the matter of the revocation of said license, as well as the cause alleged for said revocation, and shall be entitled to be heard in person, or by counsel, in opposition to such revocation. The term for which license provided for in this chapter is granted shall be governed by the general laws of the state relative to state licenses.

#### *Bond Issues*

**Sec. 44.** The council of the said city shall have the right to bond the said city for the purpose of paving the said streets, or for other permanent improvements, or for the purpose of taking up paying off or refunding any already outstanding city bonds or items of indebtedness, whenever the council thereof may deem the same necessary; but the aggregate indebtedness of the said city for all purposes shall never at any time exceed five *per centum* of the

assessed valuation of the taxable property therein according to the last assessment next preceding said date. The said council shall provide a fund for the payment of the interest annually on the said indebtedness so created, and to pay the principal thereof within and not exceeding thirty-four years; *provided*, that no debt shall be contracted hereunder, unless all questions connected with the same be first submitted to a vote of the qualified voters of said city, and have received three-fifths of all the votes cast for and against the same.

*Indebtedness Prohibited*

Sec. 45. The council of the said city shall not, at any time, or for any purpose, create any indebtedness against the said city except as provided in the next preceding section, exceeding the available assets of the said city for the current year; and if the said council shall create such indebtedness or issue orders on the city for an amount exceeding the amount of money collected for that year for said city from all sources, and the amount of money then in the treasury appropriated, the members of said council shall be severally and jointly liable for the payment of the excess of such indebtedness or orders over the amount of money applicable thereto, and the same may be recovered in any court having jurisdiction thereof. Any councilman violating the provisions of this section shall be deemed guilty of malfeasance in office, and may be removed as such councilman in pursuance of section twenty-three of this act. *Provided, however*, this shall not be applicable to such members who have voted against said excess; and, *provided, further*, that the vote of each member of council shall be recorded.

*Street Paving and Improvements*

Sec. 46. (a) The council of the City of Welch may order and cause any avenue, street, road or alley therein to be graded, or curbed or recurbed with stone, concrete or other suitable material, or paved or repaved, between curbs, with brick, wooden blocks, asphalt or other suitable materials, or to be graded and curbed or recurbed and paved or repaved as aforesaid or to be macadamized or to be otherwise permanently improved or repaired, under such supervision as may be directed by ordinance or resolution, upon the best bid to be obtained by advertising for proposals therefor, except the city may do the work without letting it to contract as hereinafter provided in (d) of this section; and may purchase or condemn land for opening or widening avenues, streets, roads and alleys. The entire cost, or any part thereof, designated by the council, of such grading, curbing and paving or macadamizing, or other permanent improvements, of any of the avenues, streets, roads and alleys as aforesaid, from and including the curb of either side thereof to the middle thereof and the cost, or any part thereof, of purchasing or condemning land as aforesaid for street purposes, may be assessed to and required to be paid by the owners of the land, lots or fractional parts of the lots, fronting or bounding on such avenue, street, road or alley so improved, except as otherwise provided in (c) and (g) of this section.

(b) Payment is to be made by all land owners on either side of such portion of any avenue, street, road or alley so paved, opened, widened, or improved in such proportion to the total cost (less the portion, if any, chargeable to the street or other railway company) as the frontage in feet of his abutting land bears to the total frontage of all the land so abutting on said avenue, street, road or alley or portion thereof opened, widened, paved or improved as aforesaid; but the cost of such paving or improvement on said avenue, street, road or alley (not including

opening or widening), shall not include any portion or amount paid for the paving or improvement of intersections of avenues, streets, roads or alley, unless the work be done, and the payment made therefor, as especially provided in (c) and (g) of this section.

(c) *Provided*, the council of the City of Welch may order and cause any work to be done, and improvements made, set out in (a) of this section and in addition to the assessment provided for in (a) of this section, may assess proportionately the property abutting or abounding on such avenue, street, road or alley so improved with the total cost of the paving, grading and curbing or macadamizing or other permanent improvements of the intersections of the avenue, streets, roads or alleys so paved or otherwise permanently improved.

*Provided, further*, that if the said council propose, order and cause such improvements to be made under this clause of this section they shall first enact an ordinance or resolution setting forth the work and improvements to be done, the extent of said improvement and manner of paying for the same, which ordinance or resolution shall be published once a week for two consecutive weeks in two newspapers of opposite politics, published and of general circulation in said city. In such publication the council shall set a time of at least ten days from the date of the first publication in which objection and protest may be made against the proposed improvement as aforesaid by the owners of the property against which said assessment is proposed to be made, and if, at or before such time so set by the directors, the *bona fide* owners of more than three-fifths in lineal feet of the property abutting upon the avenue, street, road or alley proposed to be improved as aforesaid, shall file separately or jointly their written protest setting forth the fact, under oath, that they are the *bona fide* owners of said property, with the council, objecting to and protesting against the work to be done and the improvement to be made under this clause in this section, the council shall proceed no further hereunder and shall make note of the discontinuance of such proposed work and improvement under this clause of this section in their minute book. If the owners of more than three-fifths of said property do not file objection or protest as herein provided, the council may immediately by ordinance or resolution, order and direct such work to be done, improvement made and the assessments levied against said property in manner set out in this section, and the other sections of this act. The publication of the ordinance herein provided for shall be sufficient if the title to the same is published, with a statement of the purpose of the ordinance setting out between what points the improvement is proposed to be made, and the method under which payment for the same is to be made, and stating the time at which objections may be heard.

(d) The city itself, after any work or improvement is finally ordered to be done or made in manner and form provided in this act, may, at its election, do such work and make such improvement, and collect the cost thereof, in the manner set out in this act. The decision of the city to do such work, or make such improvement, may be without notice or after the publication of the notice to contractors mentioned in this section, or after the rejection of all bids for doing the same.

(e) The cost of grading, curbing and paving, or otherwise improving the intersections, or parts of intersections, of avenues, streets, roads or alleys, on the plans adopted by the council for such work, shall be paid by the city, except as otherwise provided in (c) and (g) of this section.

(f) And if any such avenue, street, road, or alley be occupied by street car track, or tracks of other railroads, the cost of said improvements of the space between the rails and two additional feet outside of each rail shall be assessed to and borne and paid entirely by the person or company owning or operating such street car or other railway line, unless otherwise provided by the franchise of such street car or other railway company granted previous to the passage of this act.

(g) *Provided*, the council, if they so elect, may order and cause any avenue, street, road or alley, including intersections, public park or public place, to be widened, graded or changed in grade, and curbed or recurbed, and paved or repaved, with brick, concrete, asphalt or any other suitable materials, or macadamized or otherwise permanently improved, including the construction or [of] retaining walls, sewers, drains, water pipes, water dams and water courses in connection therewith and may purchase land, or condemn land for any public avenue, street, road or alley, or part thereof, or park or other public purpose, and the council may assess all or any part of the entire cost of such improvements (or taking of land or both) upon the abutting, adjacent, contiguous and other lots or land especially benefited by such improvement in the proportion in which such lot or land is especially benefited by the improvement. The council, when they decide to order the improvements under this plan, shall, by ordinance or resolution, before doing the same, fix the approximate total amount of the special benefits to be derived from such improvements to the abutting, adjacent, contiguous and other specially benefited land or lots assessed and setting out the names of the owners, the approximate amount of the special benefits to the lot or land of each owner and the approximate amount of the total cost of the proposed improvements, the council may in fixing such assessments take into consideration the assessed value of the lots or land as fixed for the last assessment year for state and county purposes.

*Provided, further*, that if the said council proposes to order and cause such improvements to be made under this clause of this section, it shall first enact an ordinance or resolution setting forth the work and improvements proposed to be done, the extent of said improvements and manner of paying for the same, which ordinance or resolution shall be published once a week for two consecutive weeks in two newspapers of opposite politics published and of general circulation in said city, in which publication the council shall set a time of at least ten days from the date of the first publication in which objection may be made against the proposed improvement as aforesaid by the owners of the property against which said assessment is proposed to be made.

The publication of the ordinance herein provided for shall be sufficient if the title to the same is published with a statement of the purposes of the ordinance setting out at what place the improvement is proposed to be made, and the method under which payment for the same is to be made, the lots and land with the names of the owners of record thereof and the approximate amounts to be assessed against each lot, and the owner thereof, and stating the time at which objections may be filed.

(h) When the council shall deem it expedient and proper to cause any avenue, street, road or alley, or any portion thereof, in such city, to be graded, or graded and paved, curbed, or macadamized, or otherwise permanently improved, or land to be acquired or taken for street

purposes, as provided in (a) of this section, or shall deem it expedient and proper to cause the construction of any public sewer in or under such avenue, street, road or alley or land or easement therein to be acquired or taken therefor, or elsewhere, or cause any other permanent improvements to be undertaken, contemplated by this or any other section, or sections, they shall, by ordinance or resolution, order the work done, stating the method of payment thereof, and, if it be let to contract, notice shall be in the following manner, to-wit:

(i) The notice for the bids or proposals for doing such work and making such improvements, shall be published for at least fifteen days in two newspapers of opposite politics, or in one newspaper, if two such newspapers be not published in the city. If the publication of the notice cannot be procured in any newspaper in said city at reasonable rates, then said notice may be given in the manner directed by the council. Said notice shall state, when, where and how the bids or proposals shall be made; and whether so stated in the notice or not, the city may reject any and all bids for such proposed work. Before advertising for bids on the work, the city shall approve and adopt plans and specifications therefor, and the advertisement for bids, and the contract awarded thereon, shall refer to such plans and specifications. The fact that such contract shall be let for said work shall be *prima facie* proof that the notice mentioned above was given as required herein.

(j) The cost of said paving, macadamizing or otherwise permanent improvement may be paid in either one of the two ways provided for in this act (to be specified by ordinance by the council).

(k) If the abutting land on any such avenue, street, road or alley sought to be improved as aforesaid, or in which a sewer is ordered laid, is not laid off into lots by a map of record, the council may, for the purpose of making the assessments provided for in this section and other sections herein, lay off said land into lots of such sizes as the council deems advisable for the purpose of laying the proper assessment against such land.

**Sec. 47.** [(a)] Said city of Welch is hereby authorized to issue its bonds for the purpose of providing for the costs of grading, paving and curbing, or macadamizing, or otherwise permanently improving the avenues, streets, roads and alleys of said city, or acquiring ground for opening public avenues, streets, roads, alleys or parks, or constructing main and lateral sewers, or both in anticipation of special assessments to be made upon the property abutting upon the avenues, streets, roads and alleys so improved or benefited. Said bonds may be in such an amount as shall be sufficient to pay the entire costs and expenses of said improvements for which such special assessment are to be levied; and said city is authorized to sell said bonds, but not below the par value thereof. The amount for which said bonds are to be issued may be made of five bonds, payable in two, four, six, eight and ten years, respectively, from the date of their issue, and shall bear interest not to exceed six per cent *per annum*, payable annually; or may be of four bonds, payable in one, two, three and four years, respectively from the date of their issue, and shall bear interest not to exceed six per cent *per annum*, payable annually, and the date of said four year bonds, when issued, shall conform, as near as can be, to the date of assessment laid against real estate for the purpose of procuring revenue to retire said bonds; *provided*, the city shall have the right to redeem and pay off, at any interest paying period, all or any number of said undue bonds of the said four year issue of

bonds provided for in this section. In the issuance and sale of said bonds the said city shall be governed by the restriction and limitations of the constitution of this state and the restriction and limitations of the state laws of this state relating to the issuance and sales of bonds, so far as such state laws are not in conflict with the provisions of this act; and the assessments as provided for and required to be paid herein shall be applied to the liquidation of said bonds and interest thereon, and if, by reason of the penalties collected with the delinquent assessments there be any balance after the payment of the bonds and all accrued interest and costs, it shall be turned into the city treasury to the credit of the interest and sinking fund of the city.

(b) And it shall be the duty of the council to immediately certify such assessments to the treasurer for collection, as herein provided; and for the purpose of facilitating the collection of such assessments against the properties herein, the council may issue assessment certificates, with the interest coupons attached thereto, to be delivered to and charged against the city treasurer who shall collect the same and as such certificates and coupons are paid he shall deliver the cancelled certificates to the party paying the same. A copy of the said order shall be certified by the city clerk to the clerk of the county court of the county, who is hereby required to record and index the same in the proper trust deed book in the name of each person against whose property assessments appear therein.

(c) The amounts so assessed against said lots and owners thereof, respectively, if assessed for the liquidation of the five bonds payable in two, four, six, eight and ten years, respectively, after date, shall be paid in ten payments as follows: that is to say, one-tenth of said amount, together with the interest on the whole assessment for one year, shall be paid into the treasury of the city before the first day of the following January; and a like one-tenth part, together with the interest for one year on the whole amount remaining unpaid, shall be paid before the first day of January of each succeeding year thereafter, until all shall have been paid; and the amount so assessed against said lots and owners thereof, respectively, if for the liquidation of the four bonds payable in one, two, three and four years, respectively, after date, shall be paid in five payments, as follows: that is to say, one-fifth of said amount, with interest, shall be paid in thirty days from date of assessment; and one-fifth of said amount, together with interest on the whole unpaid assessment, shall be paid into the treasury of the city before one year from date of such assessment; and a like one-fifth part together with the interest on the whole amount remaining unpaid, before two years from the date of such assessment, and a like amount in each succeeding year thereafter, until all shall have been paid. All of said installments shall bear interest at six *per centum per annum*, payable annually from the date of assessment. *Provided, however*, that the owner of any land, so assessed for the cost of any of the permanent improvements herein mentioned, shall have the right at any time to anticipate and pay the whole of such undue assessment and interest thereon until the day on which the next undue assessment shall become due, and have the lien against the property so assessed released as hereinafter provided.

(d) If any assessment shall not be paid when due, then a penalty of four per cent *per annum* shall be added and collected on the amount of such assessment after it is due until its payment, and such four per cent penalty shall be in addition to the six per cent interest which the assessment carries, and shall be a lien the same as the assessment, and the council shall

cause to be enforced the payment of said assessment and interest and penalty in all respects as herein provided for the collection of taxes due the city; and said assessment shall be a lien upon the property liable therefor the same as for taxes, which lien may be enforced in the same manner as provided for the sale of property for the payment of taxes and tax liens; and the liens herein provided for shall have priority over all other liens except those for taxes due the state and county, and shall be on a parity with taxes and assessments due the city.

(e) When all of said assessments shall be paid in full to the treasurer, he shall deliver to the owner of said property a release of the lien therefor, which may be recorded in the office of the clerk of the county court as other releases of liens are recorded.

Under this plan for the payment of the costs of such permanent improvements of avenues, streets, roads and alleys, and the construction of sewers, the contractor (if the work is let to contract) shall look only to the city for the payment of the work, and in no sense to the abutting land owners.

(f) If the abutting land on any such avenue, street, road or alley sought to be improved as aforesaid, or in which a sewer is ordered laid, is not laid off into lots by a map of record, the council may, for the purpose of making the assessments provided for in this section and other sections herein, lay off said land into lots of such size as the council deems advisable for the purpose of laying the proper assessment against such land.

**Sec. 48.** The council may contract for such paving (including grading and curbing), or other said improvements, to be done as aforesaid, and may acquire or take land for street and park purposes, as aforesaid, and may, if the council so elect stipulate that the cost thereof, in whole or in part, shall be paid in installments by the abutting property owners, as provided in (a) and (c) of section forty-six, or specially benefitted property owners, as provided in (g) of said section, in five equal or nearly equal installments (making four in terms of dollars only and when practicable in multiples of ten, the cents and odd amounts to be covered by the first installment), except as hereinafter provided in this section, to be evidenced by a certificate issued therefor against each separate lot or tract of land, setting out the total amount of such assessment against the same, payable in five installments except as hereinafter provided, as follows: The first in thirty days after date of certificate, the second on the first day of May of the year following the year in which the certificate is issued, and the remaining three on the first day of May of the three following years respectively. The date of certificate in case of permanent improvement of streets or other roadways shall be the day on which the city received said work from the contractor, and it shall bear interest at the rate not to exceed six per cent *per annum*, payable on the due date of each principal installment, which certificates are to be signed in person by the mayor and clerk, or other person or persons designated of record by the council. Said certificates shall bear coupons designated "principal installment coupons," representing the respective amounts of the installments to be paid under the same, and which coupons shall be due and payable on the dates provided for the payment of the installments in this section, and said certificate shall also bear interest coupons representing the interest to be paid on said assessment and which said interest coupons shall be due and payable at the same time the principal installment coupons are due and payable. Upon the due date of any principal installment coupons excepting the first, the accrued interest on so

much of said assessment as remains unpaid shall be due and payable and shall be represented by interest coupons as hereinabove set out. The interest on the first principal installment coupon shall be paid when the said principal installment coupon is paid, both the principal installment and interest coupons shall be signed by the mayor and clerk, or other person or persons designated, of record by the council, either in person or by stamp bearing a *fac simile* of the written name of person signing or lithographed in *fac simile* on said principal installments and interest coupons.

The certificates herein provided for may be sold either to the contractor doing the paving or other improvements, or to any other person, and which shall cover the entire cost of such work provided for in the ordinance or resolution, including the cost of acquiring or taking land for street or park purposes, the cost of surveys, notices and other things pertaining thereto; *provided*, when the entire amount to be assessed against any lot or piece of ground under the provisions of this section does not exceed fifty dollars, then such amount shall be covered by only one set of said coupons, payable in thirty days after date of its issue; if only fifty and not more than one hundred dollars, then such amount shall be covered by only two principal installment and interest coupons, payable in thirty days after date of certificate and on the first day of May of the year succeeding the year in which the certificate was issued, respectively; if over one hundred and not more than one hundred and fifty dollars, then such amount shall be covered by only three principal installment and interest coupons, payable in thirty days from date of certificate and on the first day of May of the year succeeding the year in which the certificate was issued and on the first day of May in one year thereafter, respectively; if over one hundred and fifty dollars and not more than two hundred dollars, then such amount shall be covered by only four principal installment and interest coupons payable in thirty days after date of certificate and on the first day of May of the year succeeding the year in which the certificate was issued and on the first day of May in one and two years thereafter, respectively; if more than two hundred dollars, then such amount shall be covered by five principal installment and interest coupons payable in thirty days after date of certificate and on the first day of May of the year succeeding the year in which the certificate was issued and on the first day of May in one, two and three years thereafter, respectively; *provided, further*, the city in negotiating and selling such certificates, shall not be held as guarantor or in any way liable for payment thereof, except upon the direct action of the council as expressed by resolution of record. And the certificate and coupons covering the amount of the assessment and interest shall be paid by the owner of the land, lot or fractional part thereof, so assessed for the cost of said improvement on such avenue, street, road or alley so paved or improved, or land acquired or taken as aforesaid. The amount specified in said assessment certificates shall be a lien in the hands of the holder thereof upon the lands, lots or parts thereof so assessed, and shall also be a debt against the owner of such real estate, and said amount shall draw interest from the date of said certificates, payable on the due date of each principal installment coupon; and the payment of any debt may be enforced as provided by law for the collection of other debts or such lien may be enforced in the name of the holder of such certificate in the manner provided by law for the enforcement of other liens against real estate, and accrued interest shall be a lien the same as amount set out in assessment certificate.

After a contract has been made by the council to pave or otherwise permanently improve any public road, avenue, street or alley in said city under this act, and the paving or other permanent improvement, or stipulated part thereof, has been completed, or the cost of acquiring or taking land as aforesaid, has been ascertained, the council shall assess the amount each lot shall bear and shall make a written report, stating the number of lots and the blocks or tracts of land, when not laid off into lots, the names of the owners of such lots or land when known, and the amount assessed thereon; and when the said council approves said report, or modifies it and then approves it, a copy of said report, so adopted by the council, when certified to by the city clerk of said city, shall be recorded in the clerk's office of the county court of McDowell county, in a trust deed book and shall be a continuing tax lien upon the lot or ground against which the assessment is made until the certificates as aforesaid are paid, except as otherwise provided in this act, and the clerk shall index the same in the name of each lot or land owner mentioned therein. *Provided*, any property owner shall have the right to pay the whole amount of any such assessment against his property as soon as the same shall have been ascertained, but before the day on which the city enters such assessments of record after the two weeks' notice provided in section forty-six; and such payment shall be made to the city clerk, who shall give the proper receipt therefor, and such assessment, so paid, shall not be included in the report to be recorded in the office of the county clerk as set out in this section; and the amount so paid to the clerk shall forthwith be paid to the contractor or other person entitled thereto, which shall operate as full discharge of the amount of such indebtedness of such property owner. The certificates and principal installment and interest coupons herein provided for may be made in the following form or to the same effect:

No. \_\_\_\_\_ STATE OF WEST VIRGINIA \$ \_\_\_\_\_ (State Coat of Arms)

PAVING ASSESSMENT CERTIFICATE:

This certifies that \_\_\_\_\_ as the owner of a lot, piece or parcel of real estate, situate in the City of Welch, known and designated as Lot No. \_\_\_\_\_ in Block No. \_\_\_\_\_, has been duly assessed the sum of \_\_\_\_\_ dollars, with interest from this date at the rate of six *per centum per annum*, payable on the due date of each principal installment coupon as hereinafter set out, which assessment has been made to pay the cost of the public improvement hereinafter recited.

This certificate is one of a series issued pursuant to the provisions of the charter of the City of Welch, West Virginia, and the laws of the state of West Virginia, to pay the cost of grading, curbing and paving \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ in the City of Welch, West Virginia.

The charter of the City of Welch, West Virginia, requires assessments for such improvements to be made payable in installments as follows:

(a) If not more than fifty dollars in one installment, due in thirty days after date of certificate.

(b) If more than fifty dollars and not more than one hundred dollars, in two installments, due in thirty days and on the first day of May of the year succeeding the year in which the certificate was issued.

CHARTER

§ 49

mayor and clerk, and the principal installment and interest coupons, respectively hereunto attached, to be signed by its mayor and clerk this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Clerk. Mayor.

No. \_\_\_\_\_ \$ \_\_\_\_\_

PRINCIPAL INSTALLMENT COUPON

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, there will be due and payable to the bearer hereof, from \_\_\_\_\_ the sum of \_\_\_\_\_ dollars, being the \_\_\_\_\_ installment on certificate No. \_\_\_\_\_, of the City of Welch, West Virginia, for the curbing, grading and paving of \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_.

\_\_\_\_\_  
Clerk. Mayor.

No. \_\_\_\_\_ \$ \_\_\_\_\_

INTEREST COUPON

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ there will be due and payable to the bearer hereof, from \_\_\_\_\_ the sum of \_\_\_\_\_ dollars, representing interest at six *per centum* from \_\_\_\_\_ to \_\_\_\_\_ of certificate No. \_\_\_\_\_ of the City of Welch, West Virginia, for curbing, grading and paving of \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_.

\_\_\_\_\_  
Clerk. Mayor.

Sec. 49. The council of said city is authorized and empowered to order and cause to be constructed, in said city, or part within and part outside of the limits of said city, a public sewer or sewers, either main or lateral, or both, by contract or direct by the city, for the benefit of said city or any part thereof, and to purchase land or easement therein or to condemn land or easement therein, for such sewer; and when the council shall order and complete the construction of any such sewer or any part thereof in said city, the owners of the property abutting thereon or abutting upon an avenue, street, road, or alley in which such sewer shall be constructed, or abutting on any land or easement therein specially procured for the purpose of the construction of a sewer therein, may be charged with all or any part of the cost thereof, including the cost of such sewer at and across intersections of avenues, streets, roads and alleys adjacent thereto. If said work is let to contract the provisions of (i) of section forty-six shall apply.

When said sewer is completed in any one block, or between two designated points, the council shall cause a report to be made in writing setting forth the total cost of such sewer and a description of the lots or lands as to location, frontage and ownership liable therefor, including the cost of acquiring or taking land or easement therein for such purpose and cost of surveys, notices, etc., therefor, together with the amount chargeable against each lot or piece of land and the owner thereof. If any lot fronts on two streets, or on a street (or road) and alley,

in which a sewer is constructed, it may be assessed on both said streets, or street and road, or street (or road) and alley. Said council shall enter an order upon its records setting forth the location and owner of each lot or piece of land, and the amounts of said sewer assessments there against, calculated in the same way as provided for street paving in (c) of section forty-six herein. The city clerk shall file a certified copy of said order with the clerk of the county court of McDowell county, who shall record the same in the proper trust deed book, and index the same in the name of each owner, and any lot or land thus charged with said assessment. The entry of such order shall constitute and be an assessment for such proportionate amounts so fixed therein against respective lots and land and the owners thereof; and said council shall thereupon certify the same to the treasurer for collection; and for the purpose of facilitating the collection of such assessments against the properties as hereinbefore set out, the council may issue assessment certificates, with principal installment and interest coupons attached thereto, in form and manner provided for street improvement certificates and coupons in section forty-eight to be delivered to and charged against the city treasurer, who shall collect the same, and as such coupons and certificates are paid he shall deliver the cancelled coupons and certificates to the party paying the same:

*Provided*, the council, if they so elect, may, after passage and publication of ordinance or resolution, as provided in (g) of section forty-six, order and cause the construction of any such sewer, and may acquire or take land or easement therein, either in or outside said city, or both, for said sewer purposes, and assess all or any part of the cost thereof upon and against the abutting, adjacent, contiguous and other lots of land specially benefitted by the construction of such sewer, as provided in (g) of section forty-six and said assessments along with accrued interest thereon shall be a lien upon such lots or land, and a debt against the owners thereof for the amount so charged against them respectively, which debt may be collected as provided by law for the collection of other debts of like kind, and which lien may be enforced in the same manner as provided for the enforcement of paving liens in this act; and the city shall have exclusive ownership and control of that part of any such sewer constructed outside of said city, unless otherwise provided by some ordinance of the city.

The amounts so assessed against said abutting lots or land, or lots or lands specially benefitted, and which shall be a lien there against, shall be collected in the manner provided in this act for the collection of paving liens.

Said assessments shall be divided into five installments each for one-fifth of the amount thereof, as near as practicable (making four in terms of dollars only, and when practicable, in multiples of ten, the cents and odd amounts to be covered by the first installment), the first due and payable in thirty days, the second on the first day of May of the year succeeding the year in which said certificates were issued and a like amount on the first day of May for each succeeding year thereafter from the time of receiving said sewer (except as hereinafter provided in this section), all bearing interest at six *per centum per annum* from such date, interest payable on the due date of each principal installment; and the council may issue sewer certificates, and principal installment and interest coupons thereon as of such date, as provided in section forty-eight of this act for street improvement assessments, as further evidence of said indebtedness and lien therefor, and said certificates may be sold or negotiated, at not less than par and without any kind of discount to the contractors doing such work,

or other person, if the council deem it expedient; *provided*, the city, in negotiating and selling such certificates, shall not be held as guarantor or in any way liable for payment thereof, except upon the direct action of the council as expressed by resolution of record. But the owner of the land or lot so assessed may, at any time, anticipate and pay such assessment or certificates with interest thereon until the day on which the next undue assessment shall become due. And if such assessment shall not exceed fifty dollars, then such amount shall be covered by only one set of said coupons, payable thirty days after date of its issue of certificate. If over fifty dollars and not more than one hundred dollars, then such amount shall be covered by only two principal installments and interest coupons, each, payable in thirty days and on the first day of May of the year succeeding the year in which the certificate was issued, respectively; if over one hundred dollars and not more than one hundred and fifty dollars, then such amount shall be covered by only three principal installments and interest coupons, each, payable in thirty days and on the first day of May of the year succeeding the year in which the certificate was issued, and on the first day of May one year thereafter respectively; if over one hundred and fifty dollars and not more than two hundred dollars then such amount shall be covered by only four principal installments and interest coupons, each payable in thirty days, and on the first day of May of the year succeeding the year in which the certificate was issued, and on the first day of May in one and two years thereafter, respectively; and if more than two hundred dollars, then such amount shall be covered by five principal installment and interest coupons payable in thirty days and on the first day of May of the year succeeding the year in which the certificate was issued, and on the first day of May in one, two and three years thereafter, respectively; and the term equal amounts herein shall mean as nearly equal as practicable, that is, four installments being expressed in terms of dollars only, and, when practicable, in multiples of ten, the cents and odd amounts being covered by the first installment.

All assessments along with accrued interest thereon, made under this section shall constitute and be a lien upon said lots or lands, respectively, which shall have priority over all other liens except for state, county and municipal taxes.

The certificates and principal installment and interest coupons provided for in this section may be made and issued in form or to the same effect as provided for certificates and principal and interest coupons for street improvements in section forty-eight.

If two newspapers of opposite politics are not published in the city at the time of the passage of any of the ordinances provided in this act to be published, then the same may be published in one newspaper of general circulation in the city, as provided by this act, and if the publication of the ordinance cannot be procured in any newspaper in said city at reasonable rates or for any other cause, then the same may be posted for the period provided in this act for publication, at the front door of the city hall, and such posting shall be equivalent to publication as herein provided.

All certificates, principal installment and interest coupons provided for in this act shall be made payable at the office of the treasurer of the City of Welch.

**Sec. 50.** In addition to the provisions for the release of said assessment liens, either for street paving or other permanent street improvements, or construction of sewers, or elsewhere

set out in this act, on the presentation by the land or lot owner of any of the certificates issued as aforesaid against him or his predecessor in the title to such lot or land, the clerk of the county court shall mark upon the margin of the trust deed book at which said certified report is recorded, that the lien is released as to the land or lot mentioned in such certificate to the extent of the amount of the certificates thus exhibited; and the county clerk shall thereupon write across the face of said certificates the date of their production to him for the release of lien, and shall sign his name thereto in his official capacity, for which he shall receive in advance a fee of twenty-five cents for each certificate so marked, from the person demanding the release of the lien aforesaid; but if more than one of the serial certificates against the land or lot or lots shall be produced at the same time, the fee to the county clerk shall not exceed twenty-five cents for the release of the liens as to all of the certificates thus produced and relating to the same real estate.

*Provided*, that the owner of any lot or land against which any paving or sewer certificate is an unreleased lien of record shall make and produce to the county clerk, or some person for such owner shall make and produce an affidavit setting out therein such certificate (or certificates) has been paid in full, and after diligent search, cannot be found, said county clerk shall upon the payment of a fee of twenty-five cents, file and preserve said affidavit as a public document and shall forthwith note the release of said lien to the extent of said lost certificate (or certificates) and the lots or land against which it is a lien upon the margin of the trust deed book as aforesaid, and noting therewith the filing of said affidavit, which shall operate as a release of such lien to the extent of such marginal notation. If the affidavit so filed be false, the person making oath and subscribing thereto shall be guilty of a felony and upon conviction thereof shall be fined not to exceed one thousand dollars, or sentenced to be confined in the penitentiary for a term of not more than two years, or both, in the discretion of the court passing sentence.

*Provided, further*, that any paving or sewer lien, which may be created in consequence of the provisions of this act, the last payment of which is not yet due, shall not, under any circumstances, be a lien against the lot or land or fractional part of a lot or land, against which it may have been assessed and made a lien for a longer period than two years after the last assessment or certificate of the same date and group, representing such lien, shall have become due and payable, unless some suit or action, at the termination of said two years period, shall be pending for the enforcement of the lien, or unless the amount of the lien or some part thereof is in some way involved in a suit or action pending at the end of said two year period.

All of the assessment certificates, which may be issued under the provisions of this act, shall be made payable at the office of the treasurer, who shall receive payments thereon when due, if tendered to him, and interest thereon from the date of such payments shall cease. The treasurer shall keep a separate and special account of all said sums of money received by him, and he shall hold said money in trust for the person who thereafter delivers to the treasurer for cancellation any and all certificates on which the treasurer has received full payment as aforesaid; but the owner of said certificate shall not be entitled to interest on said sum after the date of payment thereof to the treasurer. When the whole amount of any such assessment lien shall have been paid to the treasurer as aforesaid, or the treasurer shall be convinced that

all of the paving or sewer certificates against any land, lot or fractional part of lot, shall have been paid in full, he shall when demanded, execute a release of said lien in the manner hereinbefore provided for the release of paving liens. If the city shall have no person for treasurer, the clerk, unless some other person is designated by ordinance or resolution, which the council is hereby authorized to enact, shall perform the duties herein required to be performed by the treasurer.

**Sec. 51.** It shall be lawful for said City of Welch to issue and sell its bonds, as provided in this act for the sale of other paving and sewer bonds, to pay the city's part of the cost of construction of said sewers and for the paving or other permanent improvements of streets and alleys, as required by this act; and said city may levy taxes, in addition to all other taxes, authorized by law, to pay such bonds and interest thereon; *provided*, that the total indebtedness of the city for all purposes shall not exceed five *per centum* of the total value of all taxable property therein.

It is expressly provided that no bonds shall be issued under the provisions of this act, unless and until the question of issuing said bonds shall have first been submitted to a vote of the people of said city and shall have received three-fifths of all votes cast at said election for and against the same. The council of said city may provide by ordinance for submitting to the people at any regular election, or special election called for that purpose, the question whether or not said city shall be authorized to issue bonds for the purpose specified in this act; but the ordinance relating to the issuance of said bonds, and the submission of the same to the vote of the people, need not specify in detail the location of the improvements contemplated to be paid for out of, and works to be constructed with, the proceeds of sale of said aggregated issue authorized thereby; and if at such election the people by their vote thereon shall authorize the issuance of said bonds, said council may order the sale of same, as needed for said improvements, and works, dealing with all the requirements set forth in this act; and notwithstanding any other provisions of law it shall be sufficient description of the purpose for which said election is held for the ordinance calling the same or submitting said question to a vote at any general election, if it shall recite that it authorized the council to issue bonds for the purpose of grading, paving, curbing, sewerage or otherwise permanently improving the streets, roads and alleys of said city.

The provisions of state law concerning bond elections shall, so far as they are not in conflict with the provisions of this act, apply to the bond election herein provided for.

**Sec. 52.** In setting forth the lots and land abutting upon the improvement it shall be sufficient to describe them as the lots and lands abounding and abutting upon said improvements, between and including the termini of said improvements, or by the description by which they are described on the land books of the county, and this rule of description shall apply in all proceedings in which lots or lands are to be charged with special assessments.

**Sec. 53.** When work shall have been completed on any avenue, street, road or alley or part thereof as provided in section forty-six or forty-eight or the construction of any sewer or other work shall have been completed on any avenue, street, road or alley, or part thereof, or elsewhere, as provided in section forty-nine and said assessments there against shall have been calculated as provided in this act, the council shall give notice, by publication at least

once a week for two successive weeks in two newspapers of opposite politics published in said city, or in one newspaper if two such papers be not published therein, that an assessment under this act is about to be made against the property so assessed and the owners thereof, mentioning the kind of work and the location thereof; and the owners of said property shall have a right to appear before said council, either in person or by attorney or agent, at any regular or special meeting called for that purpose within two weeks of the first publication thereof, and move the council to correct any apportionment of the assessment excessive or improperly made; and the council shall have the power to make any such corrections before it enters the same, as corrected, upon its records.

If the publication in the newspapers aforesaid cannot be had at reasonable rates, or for any other cause, the notice may be given in some other manner designated of record by the council. The fact that said assessments shall have been entered of record, as provided by this act, shall be *prima facie* proof that the notice mentioned herein was given as prescribed in this section.

*Additional Method of Street Improvement*

**Sec. 54.** In addition to the methods herein provided for the construction and improvement of streets and sewers, the city council shall have the power, upon the petition in writing of the owners, of the greater amount of frontage of the lots abutting on any street or alley or between any two cross streets, or alleys, to provide for the construction, reconstruction, repair and maintenance of all local improvements including the grading, paving, sewerage and otherwise permanently improving of streets and alleys of the city, and to provide for the assessment of the cost thereof, including all incidental expenses and the cost of intersections of streets, with interest payable annually, against the abutting or other specially benefitted properties, according to their frontages, on each side of such streets or alleys, and against the owners thereof, upon the following conditions:

(a) Plan and resolution. The city council, when deemed expedient by it, shall cause plans, specifications, profiles and estimates of the proposed improvements by grading, paving, curbing, sewerage or otherwise locally improving any streets or alleys, to be made and filed in the office of the mayor, and shall by ordinance and resolution prescribe generally the location and character of the proposed improvement and refer to such plans, specifications, profiles and estimates.

(b) Notice and hearing. The city council shall then cause notice thereof to be published once in some newspaper published in said city, fixing the date for a hearing thereon not less than one week after the adoption of such resolution. At the date stated in such resolution and notice, or at any adjourned meeting, the city council shall hear objections to the proposed improvement and may correct, amend or modify such plans, specifications, profiles and estimates, not extending such improvement to any other street or part of street, and may pass or adopt a resolution or ordinance providing for such improvement, by direct employment of labor or by contract with the lowest responsible bidder, and for the assessment of the cost thereof against the abutting or specially benefitted properties on each side of such street or alley.

(c) Assessment, docketing and payment. The assessment and docketing of liens and other matters pertaining to certain improvements when the method provided in this section is used by the city council shall be the same in all manner and respects as provided in sections forty-six to fifty-three of this charter.

*Sidewalks*

Sec. 55. The council may cause any sidewalk to be constructed, laid, relaid or otherwise permanently improved in the City of Welch in the following manner and upon the following terms: Notice shall first be given to the abutting property owners by publication in one newspaper by giving location, estimated frontage and depth, but no error in said publication shall in any way affect the validity of the certificate hereinafter provided for, or any of them. The contract for same shall, after due advertisement in which the council shall reserve the right to reject any and all bids, be let to the lowest bidder and upon completion and acceptance of the work the council shall order the mayor and city clerk to issue to the contractor doing the work a certificate for the amount of the assessment to be paid by the owner of any lot or fractional part thereof fronting on such sidewalk, and the amount specified in said assessment certificate shall be a lien in the hands of the holder thereof upon the lot or part of a lot fronting on such sidewalk, and such certificate shall draw interest from the date of said assessment, and the payment may be enforced in the name of the holder of such certificate by a proper suit in equity in any court having proper jurisdiction to enforce such liens and the council shall fix the amount of such assessment and do all things in connection therewith necessary as is provided for paving and improving streets and alleys and such certificate shall be issued for each abutting lot or portion thereof payable six months from the date of the completion and acceptance of the work and shall be a lien in the hands of the holder thereof upon the particular lot against which they are assessed in the same way and manner as assessments for street paving liens. Nothing herein shall be construed to prevent any abutting lot owners from having his own sidewalk put in if done before the advertising hereinbefore mentioned and provided same is done according to the lines, grades and specifications of the city engineer, for which no charge shall be made. The total cost of constructing, laying, relaying or otherwise permanently improving any sidewalk or walks shall be borne by the owners of the land abutting upon said sidewalk or sidewalks according to the following plan, that is to say, payment is to be made according to the proportion of square feet in front of any lot or portion thereof bears to the whole assessments or cost of improvements.

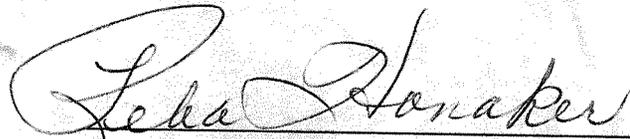
*Inconsistent Ordinances and Acts Repealed*

Sec. 56. All ordinances of the City of Welch, as they exist at the time of the passage of this act, which are inconsistent herewith, are hereby abrogated and repealed, and all acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed.

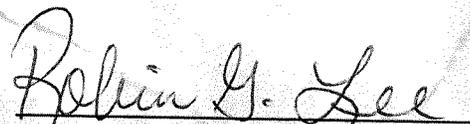
# OATH OF OFFICE

*State of West Virginia, County of McDowell, to wit:*

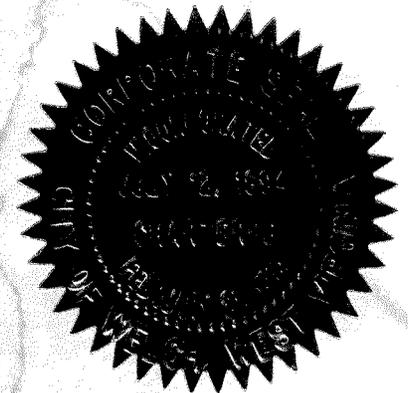
*I do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the Office of the Mayor of the City of Welch, McDowell County, West Virginia, to the best of my skill and judgement: So Help Me God.*

  
\_\_\_\_\_  
**Reba Honaker, Mayor**

*Subscribed and sworn to before me, the undersigned authority, this 24 day of Feb, 2011*

  
\_\_\_\_\_  
**Robin G. Lee, City Clerk**

*Term of Office -  
Unexpired term ending June 30, 2014*



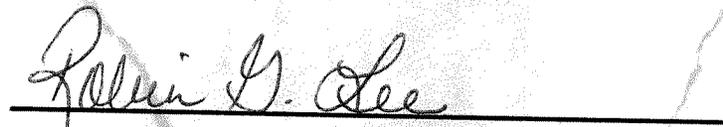
# OATH OF OFFICE

*State of West Virginia, County of McDowell, to wit:*

*I do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the Member of the City of Council of the City of Welch, McDowell County, West Virginia, to the best of my skill and judgement: So Help Me God.*

  
Frank Cooley, Councilmember

*Subscribed and sworn to before me, the undersigned authority, this 29 day of June 2010.*

  
Robin G. Lee, City Clerk

*Term of Office – 4 years  
July 1, 2010 thru June 30, 2014*



## OATH OF OFFICE

*State of West Virginia, County of McDowell, to wit:*

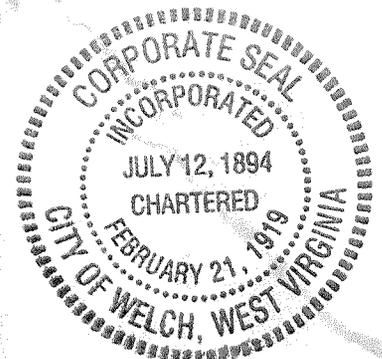
*I do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the Member of the City of Council of the City of Welch, McDowell County, West Virginia, to the best of my skill and judgement: So Help Me God.*

*James Ray Ingole Sr*  
**James R. Ingole, Sr., Councilmember**

*Subscribed and sworn to before me, the undersigned authority, this 29 day of June 2010.*

*Robin G. Lee*  
**Robin G. Lee, City Clerk**

**Term of Office – 4 years  
July 1, 2010 thru June 30, 2014**



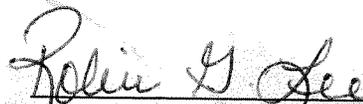
# *OATH OF OFFICE*

*State of West Virginia, County of McDowell, to wit:*

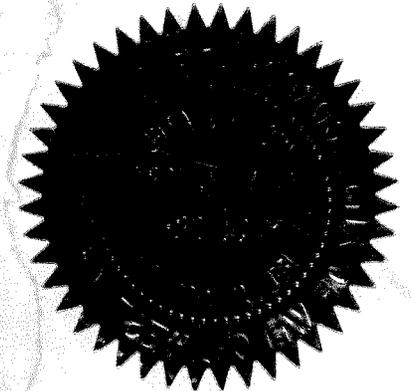
*I do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties as a Member of the City Council of the City of Welch, McDowell County, West Virginia, to the best of my skill and judgments: So Help Me God.*

  
\_\_\_\_\_  
*Fred Odum, Councilmember*

*Subscribed and sworn to before me, the undersigned authority, this 3 day of May,  
2011*

  
\_\_\_\_\_  
*Robin G. Lee, City Clerk*

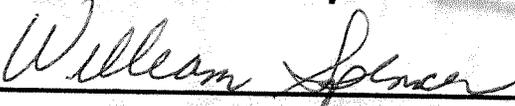
*Term of Office - 3 years  
Unexpired term ending June 30, 2014*



# OATH OF OFFICE

*State of West Virginia, County of McDowell, to wit:*

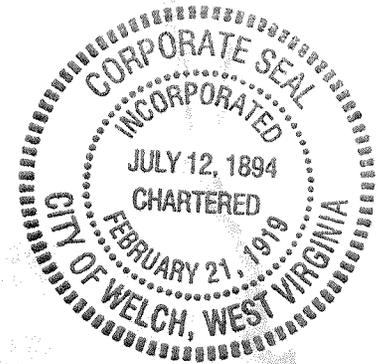
*I do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the Member of the City of Council of the City of Welch, McDowell County, West Virginia, to the best of my skill and judgement: So Help Me God.*

  
\_\_\_\_\_  
**William Spencer, Councilmember**

*Subscribed and sworn to before me, the undersigned authority, this 29 day of June 2010.*

  
\_\_\_\_\_  
**Robin G. Lee, City Clerk**

**Term of Office – 4 years  
July 1, 2010 thru June 30, 2014**



# OATH OF OFFICE

**State of West Virginia, County of McDowell, to wit:**

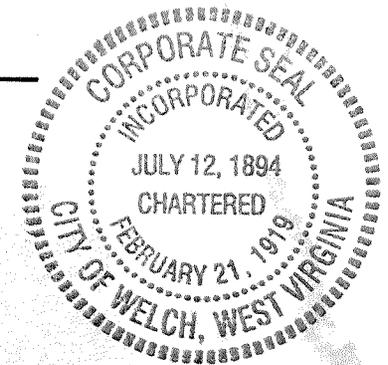
**I do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the Member of the City of Council of the City of Welch, McDowell County, West Virginia, to the best of my skill and judgement: So Help Me God.**

*Emily Yeager*  
**Emily Yeager, Councilmember**

**Subscribed and sworn to before me, the undersigned authority, this 30 day of June 2010.**

*Robin G. Lee*  
**Robin G. Lee, City Clerk**

**Term of Office – 4 years  
July 1, 2010 thru June 30, 2014**



Water and Sewer Rate Ordinance

Ordinance 08-03

CITY OF Welch

AN ORDINANCE ESTABLISHING AND FIXING RATES, DELAYED PAYMENT PENALTIES, CONNECTION CHARGES, RE-CONNECTION CHARGES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM AND SEWERAGE SYSTEM OF THE CITY OF WELCH, AMENDING AND REPLACING WELCH CITY CODE §12-82 AND §12-102.

THE CITY COUNCIL OF THE CITY OF WELCH HEREBY ORDAINS: The following schedule of rates, delayed payment penalties, connection charges, re-connection charges and other charges are hereby fixed and determined as the rates, delayed payment penalties, connection charges, re-connection charges and other charges to be charged to customers of the waterworks system and sewerage system of the City of Welch throughout the territory served.

SECTION 12-82. SCHEDULE OF WATER RATES

SCHEDULE NO. 1

APPLICABILITY

Applicable in entire territory served on bills rendered between the period 45 days after passage through April 30, 2009.

AVAILABILITY

Available for general residential, commercial and industrial water service.

RATES (CUSTOMERS WITH METERED WATER SUPPLY)

First	3,000 gallons used per month	\$6.50	per 1,000 gallons
Next	7,000 gallons used per month	\$5.75	per 1,000 gallons
Next	90,000 gallons used per month	\$4.50	per 1,000 gallons
All over	100,000 gallons used per month	\$3.50	per 1,000 gallons

FLAT RATE CHARGE (CUSTOMERS WITH NON-METERED WATER SUPPLY)

Equivalent to 4,000 gallons of water usage, \$25.25.

MINIMUM CHARGE

No minimum bill will be rendered for less than \$16.25 per month which is the equivalent of 2,500 gallons.

Size \_\_\_\_\_ Minimum

RECEIVED  
2008 APR 3 AM 8 30  
WVA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

5/8 inch meter	\$16.25
3/4 inch meter	\$33.75
1 inch meter	\$56.25
1-1/4 inch meter	\$82.13
1-1/2 inch meter	\$112.50
2 inch meter	\$180.00
3 inch meter	\$337.50
4 inch meter	\$562.50
6 inch meter	\$1,125.00
8 inch meter	\$1,800.00
10 inch meter	\$2,520.00

SCHEDULE NO. 2

APPLICABILITY

Applicable in entire territory served on bills rendered between May 1, 2009 through April 30, 2010.

AVAILABILITY

Available for general residential, commercial, industrial and sale for resale (non contract) water service.

RATES (CUSTOMERS WITH METERED WATER SUPPLY)

First	3,000 gallons used per month	\$6.75	per 1,000 gallons
Next	7,000 gallons used per month	\$6.75	per 1,000 gallons
Next	140,000 gallons used per month	\$5.00	per 1,000 gallons
All over	150,000 gallons used per month	\$3.75	per 1,000 gallons

FLAT RATE CHARGE (CUSTOMERS WITH NON-METERED WATER SUPPLY)

Equivalent to 4,000 gallons of water usage, \$27.00.

MINIMUM CHARGE

No minimum bill will be rendered for less than \$20.25 per month which is the equivalent of 3,000 gallons.

<u>Size</u>	<u>Minimum</u>
5/8 inch meter	\$20.25
3/4 inch meter	\$30.38
1 inch meter	\$50.63
1-1/4 inch meter	\$73.91
1-1/2 inch meter	\$101.25
2 inch meter	\$162.00
3 inch meter	\$303.75
4 inch meter	\$506.25
6 inch meter	\$1,012.50
8 inch meter	\$1,620.00

10 inch meter

\$2,268.00

SCHEDULE NO. 3

APPLICABILITY

Applicable in entire territory served on bills rendered commencing May 1, 2010.

AVAILABILITY

Available for general residential, commercial, industrial and sale for resale (non contract) water service.

RATES (CUSTOMERS WITH METERED WATER SUPPLY)

First	3,000 gallons used per month	\$7.50	per 1,000 gallons
Next	7,000 gallons used per month	\$7.00	per 1,000 gallons
Next	190,000 gallons used per month	\$5.00	per 1,000 gallons
All over	200,000 gallons used per month	\$3.75	per 1,000 gallons

FLAT RATE CHARGE (CUSTOMERS WITH NON-METERED WATER SUPPLY)

Equivalent to 4,000 gallons of water usage, \$29.50

MINIMUM CHARGE

No minimum bill will be rendered for less than \$22.50 per month which is the equivalent of 3,000 gallons.

<u>Size</u>	<u>Minimum</u>
5/8 inch meter	\$22.50
3/4 inch meter	\$33.75
1 inch meter	\$56.25
1-1/4 inch meter	\$82.13
1-1/2 inch meter	\$112.50
2 inch meter	\$180.00
3 inch meter	\$337.50
4 inch meter	\$562.50
6 inch meter	\$1,125.00
8 inch meter	\$1,800.00
10 inch meter	\$2,520.00

WATER RATES COMMON TO ALL SCHEDULES

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty days of date of bill, ten percent will be added to the amount shown.

RE-CONNECTION/ADMINISTRATIVE FEE

If any delinquent bill is not paid within thirty (30) days after rendition, services to the premises may be disconnected or shut off and a re-connection charge of fifty dollars (\$50.00) shall be collected for reinstating service when any such bill is paid.

CONNECTION CHARGE

There will be a charge for connection to the system of five hundred dollars (\$500.00) or actual cost of installation, including labor and materials.

SURCHARGE

Two and one-half (2 ½) [percent] surcharge on water rates for customers out of city limits.

WATER RESALE RATE

The rates for water sold for the purposes of resale shall remain unchanged at the rate set by §12-85 of the Welch City Code.

**SECTION 12-102 SCHEDULE OF SEWER RATES**

SCHEDULE I-A

APPLICABILITY

Applicable in entire territory served on bills rendered between the date 45 days after passage through April 30, 2009.

AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial sewer service.

RATES

First 3000 gallons used	\$7.70	per 1,000 gallons per month
Next 7000 gallons used	\$7.25	per 1,000 gallons per month
Next 90,000 gallons used	\$6.25	per 1,000 gallons per month
Next 100,000 gallons used	\$5.90	per 1,000 gallons per month

MINIMUM BILL

Each customer shall pay a minimum charge of \$19.25 per month based on 2,500 gallons of water usage per month.

UN-METERED RATE

A flat fee of \$30.13, based on 4,000 gallons of water usage per month, will be charged for all un-metered sewer customers.

SCHEDULE I-B

APPLICABILITY

Applicable in entire territory served on bills rendered between May 1, 2009 through April 30, 2010.

AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial (except unusual industrial waste) and resale (non contract) sewer service.

RATES

First 3000 gallons used	\$8.00	per 1,000 gallons per month
Next 7000 gallons used	\$8.00	per 1,000 gallons per month
Next 190,000 gallons used	\$6.25	per 1,000 gallons per month
Next 200,000 gallons used	\$6.25	per 1,000 gallons per month

MINIMUM BILL

Each customer shall pay a minimum charge of \$24.00 per month based on 3,000 gallons of water usage per month.

UN-METERED RATE

A flat fee of \$32.00, based on 4,000 gallons of water usage per month, will be charged for all un-metered sewer customers.

SCHEDULE I-C

APPLICABILITY

Applicable in entire territory served on bills rendered commencing May 1, 2010.

AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial (except unusual industrial waste) and resale (non contract) sewer service.

RATES

First 10,000 gallons used	\$9.00	per 1,000 gallons per month
Next 40,000 gallons used	\$7.00	per 1,000 gallons per month
Next 200,000 gallons used	\$7.00	per 1,000 gallons per month
Next 250,000 gallons used	\$7.00	per 1,000 gallons per month

MINIMUM BILL

Each customer shall pay a minimum charge of \$27.00 per month based on 3,000 gallons of water usage per month.

UN-METERED RATE

A flat fee of \$34.00, based on 4,000 gallons of water usage per month, will be charged for all un-metered sewer customers.

SEWER RATES COMMON TO SCHEDULES I-A, I-B and I-C

SERVICE CONNECTION CHARGE

For existing customers currently charged for the use of sanitary sewer system there will be no connection charge. For all other customers there will be a charge for connection to the system of five hundred dollars (\$500.00) or actual cost of installation, including labor and materials.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RE-CONNECTION / ADMINISTRATIVE FEES

If any bill is not paid within thirty (30) days from the date of billing, 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 and re-connection charges.

MINIMUM BILL FOR SEWER SERVICE FOR NON-CUSTOMERS

As authorized by West Virginia Code §8-18-22 any business or residence abutting any street, alley, public right-of-way or easement on which the City of Welch Sanitary System has a located a sewer line shall be given a written notice by the City of Welch to the owner or occupant thereof requiring them to connect to the municipal sewer system. The City of Welch will thereafter bill the owner or occupant a bill for sewer services based upon the business or residences actual water usage. If that usage cannot be accurately ascertained the owner or occupant will be assessed a sewer bill based on the current minimum sewer bill in force for the City of Welch.

MINIMUM BILL FOR THE BUREAU OF PRISONS

No minimum bill will be rendered for the Federal Bureau of Prisons Indian Ridge Facility of less than \$19,063.00 per month which is the equivalent of 3,000,000 gallons.

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customers roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The City's approved rate per thousand gallons of metered water usage

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customers location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

### SCHEDULE III

#### APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF

#### CITY OF WELCH

Where the amount of sanitary sewage discharged into the City's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plants water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the City a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

This explanation is not part of the rate schedule:  
This schedule is included on an if-and-when basis.

### SCHEDULE IV

#### APPLICABILITY

Applicable in entire territory served.

#### AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

#### RATES

Commodity Charge - Each hauler shall pay a commodity charge of \$20.00 per 1,000 gallons per load. Load will be two (2) times the actual capacity of the truck or other transport method delivering wastewater and leachate as determined or verified by Welch.

#### DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

### SECTION 3. EFFECTIVE DATE

The initial rates, charges and penalties provided herein first 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. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES, ETC.**

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. 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.

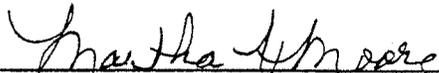
**SECTION 5. STATUTORY NOTICE AND PUBLIC HEARING**

Upon introduction hereof, the City Clerk shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Welch News, a qualified newspaper published and of general circulation in the City of Welch, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the City Hall, Welch, West Virginia, on the 31<sup>st</sup> day of March 2008, at 5:30 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:            March 3, 2008

Passed on Second Reading

Following Public Hearing: March 31, 2008

  
\_\_\_\_\_  
Martha H. Moore, Mayor City of  
Welch

CERTIFICATION AND NOTICE

The foregoing Ordinance has been introduced and adopted on first reading at a meeting of the Council held on Monday, March 3, 2008. Any person interested may appear before the Council of the City of Welch at the City Hall in Welch, West Virginia, on Monday, March 31, 2008 at 5:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Welch, West Virginia.



---

Robin Lee, City Clerk

*City of Welch  
88 Howard Street  
Welch, WV 24801*

*Phone 304-436-3113 email: [welchww@mcsww.net](mailto:welchww@mcsww.net) Fax 304-436-2546*

---

*City of Welch Council Meeting  
March 3, 2008*

A regular meeting of the Welch City Council held on Monday, March 3, 2008 at 5:30pm in the Welch City Hall, present were: Martha Moore, Mayor, Frank Cooley, William Spencer, Emily Yeager, James R. Ingole, Sr., Councilors, Danny Barie, Michael Griffith, CPA and Robin Lee, City Clerk

**Visitors Present**

Jack Caffrey, member of the Welch Water Board and Welch Sanitary Board, David Falin, member of the Welch Water Board

Mayor Moore opened the meeting as properly advertised. Councilor Spencer gave the invocation. Councilor Cooley led the Pledge of Allegiance.

**Approval of Minutes**

The minutes of February 19, 2008 were approved upon a motion by Councilor Spencer, seconded by Councilor Ingole, motion carried unanimously.

**Approval of Invoices**

The invoices will be presented at the next regular meeting of the Council for approval.

**Police, Fire, Department Reports**

The Police Department Report was reviewed.

**Building Permits**

The Building Permits administered by the McDowell County Redevelopment Authority for the City of Welch were reviewed. Total collected for the month of December, 2007 was \$5.00.

**3<sup>rd</sup> Reading-Sewer Bond Ordinance, Public Hearing**

Mayor Moore opened the public hearing to receive comments regarding the Sewer Bond. There being no comments, the public hearing was closed. Mayor Moore stated the Sewer Bond is needed to assist in funding the Indian Ridge Industrial Park Sewer Project. The issuance of the Bonds will be used (i) to pay a portion of the costs of the acquisition and construction of certain extensions, additions, betterments, and improvements to the public sewerage system of the Issuer (the Project) and (ii) 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 city. There will be no rate increase to the citizens as a result of the Sewer Bond. She and Michael Griffith, CPA stated that minimum sewer bill received from the Bureau of Prisons will cover the costs of the

Sewer Bond. Discussion was held. Motion was made by Councilor Spencer to approve the 3<sup>rd</sup> reading, motion seconded by Councilor Cooley, motion passed unanimously.

**Ordinances -1<sup>st</sup> Reading Water and Sewer Rate Ordinance**

Mayor Moore conducted the first reading of the Water and Sewer Rate Increase Ordinance. Mr. Griffith presented and explained the financial forms and schedule of increases. Mr. Griffith stated there is a deficit in the Water and Sewer Fund operations. He stated there will be a significant loss to the Water Fund and Sewer Fund in there are no rate increases. He reported that if there is no increase to the water rates, the Water Fund will be in critical shape. Mr. Griffith explained the three year increase plan to the water and sewer rates. The increase will cover the operation and maintenance expenses and capital needs. The water rates will increase 40.2 % over a three year period and the sewer rates will increase 17.2%. The rates are based on costs of service. The rates will also cover the financing of the Water tanks that need to be upgraded. The funding application is pending at the Infrastructure Council. Discussion was held on other cities and towns and their rates. Discussion was held. Motion to pass the first reading was made by Councilor Spencer, seconded by Councilor Cooley, motion passed with one opposition from Councilor Yeager.

**Downtown Redevelopment Project**

Mayor Moore presented the engineering/architect agreement from Triad Engineering for the Downtown Redevelopment Project. Triad Engineering listed \$65,100 as their costs for the project. Discussion was held. Motion was made by Councilor Yeager to approve the agreement, seconded by Councilor Ingole, motion passed unanimously.

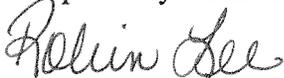
**Resolutions, Personnel, Business & Occupation Tax, Parking, Budget Revisions, Legal Matters, Flood Prevention/Information, Property Issues, Utility Updates, Economic Updates, Airport**

No discussion was held.

**Adjournment**

There being no other business to come before the council, Councilor Yeager made a motion to adjourn the meeting and the meeting was adjourned.

Respectfully Submitted,



Robin Lee  
City Clerk



, Approved  
Martha H. Moore, Mayor

*City of Welch  
88 Howard Street  
Welch, WV 24801*

*Phone 304-436-3113 email: [welchwv@mcsww.net](mailto:welchwv@mcsww.net) Fax 304-436-2546*

---

*City of Welch Special Council Meeting/Public Hearing  
March 31, 2008*

A special meeting of the Welch City Council held on Monday, March 31, 2008 at 5:30pm in the Welch City Hall, present were: Martha Moore, Mayor, Frank Cooley, William Spencer, Emily Yeager, James R. Ingole, Sr., Mark Jones, Councilors, Michael Griffith, CPA and Robin Lee, City Clerk

**Visitors Present**

There were no visitors present.

Mayor Moore opened the meeting as properly advertised. Councilor Spencer gave the invocation. Councilor Cooley led the Pledge of Allegiance.

**Public Hearing-Water and Sewer Rate Increase**

Mayor Moore opened the public hearing to receive comments on the Water and Sewer Rate Increase. There be no comments made the public hearing was closed.

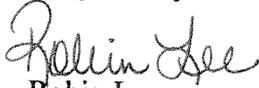
**2<sup>nd</sup> Reading-Ordinance No.08-03 Water and Sewer Rate Increase**

Mayor Moore conducted the second reading of Ordinance No. 08-03, Water and Sewer Rate Increase Ordinance. Michael Griffith, CPA explained the rate increases and the pro forma financial statements justifying the increases. Mr. Griffith explained the Water and Sewer Rates will be increased over a three year period. The total increase for the water rates will be approximately 40.2%. The total increase for the sewer rates will be approximately 17.2%. The water rates will be increased and effective as follows: 18.2%, May, 2008, 8.5% May, 2009 and 9.3%, May, 2010. The sewer rates will be increased and effective as follows: 3.9%, May, 2008, 6.2%, May, 2009 and 6.3%, May, 2010. Mr. Griffith stated that the rate blocking structure will also be changed. There will be no increase to the resale customer, McDowell County PSD. Discussion was held regarding the current financial status of the Water Fund and the Sewer Fund. Mr. Griffith also stated that both funds will be in better financial condition once the Federal Bureau of Prisons begins service. The new rates need to be in place currently in order to meet the existing and necessary expenses. Motion was made by Councilor Spencer to approve the 2<sup>nd</sup> reading of the ordinance, seconded by Councilor Ingole, motion passed with one opposition from Councilor Yeager. Councilor Yeager stated her concern was the uneven or higher percentage of rate increase in the Water Fund during the first year of the increase compared to the other two years. Mr. Griffith explained the Water Fund is in serious financial difficulty and the higher increase in the first year is crucial.

Adjournment

There being no other business to come before the council, Councilor Yeager made a motion to adjourn the meeting and the meeting was adjourned.

Respectfully Submitted,



Robin Lee  
City Clerk

 Approved  
Martha H. Moore, Mayor

**AFFIDAVIT OF PUBLICATION:**

State of West Virginia  
County of McDowell, to wit:

I, Irene Wooten, being first duly sworn upon my oath, do depose and say that I am the Legal Editor of the Welch News, Inc., a corporation, publisher of the newspaper entitled The Welch News, a Republican newspaper; that I have duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published 3 times a week except weekends and holidays, for at least fifty weeks during the calendar year, in the Municipality of Welch, McDowell County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication are or areas of the aforesaid municipality and McDowell County, West Virginia; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous, reading matters, advertisements, and other notices; that the annexed notice of

Water/Sewer Rates

City of Welch \*

88 Howard St.

Welch, WV 24801

was duly published in said newspaper once a week for 2 successive weeks, (Class II), commencing with the issue of the 14 day of Mar., 20 08, and ending with the issue of the 21 day of Mar., 20 08 (and was posted at the (if required)

RECEIVED  
2008 APR 3 AM 9  
VA PUBLIC SERVICE COMMISSION SECRETARY'S OFFICE  
\_\_\_\_\_ on the day of \_\_\_\_\_, 20\_\_\_\_ that said annexed notice was published on the following dates: 3/14/08 & 3/21/08

and that the cost of publishing said annexed notice as aforesaid was \$ 630.02

Irene Wooten

Irene Wooten, Legal Editor  
The Welch News

Taken subscribed and sworn to before me in my said county this 28 day of Mar., 20 08

Rushie A. Pettit

Notary Public, State of West Virginia

## LEGAL NOTICE

### NOTICE

#### CITY OF WELCH, WEST VIRGINIA

Notice is hereby given that the City of Welch, a municipal corporation will hold a hearing before the final vote on a proposed ordinance, the principal object of which is the increase of water and sewer rates for customers of the water and sewer system operated by the City of Welch. The title of such ordinance is "Ordinance to Increase Water and Sewer Rates". The final vote on adoption of said proposed ordinance shall be held in the Council Chambers of the City of Welch, City Hall, 88 Howard Street, Welch, West Virginia on March 31, 2008 at 5:30 p.m. Interested parties may appear and be heard at such time with respect to the passage of the proposed ordinance. Copies of the proposed ordinance are available at the Office of the Clerk, Welch City Hall, Welch, West Virginia.

#### Water and Sewer Rate Ordinance

Ordinance 08-03

#### CITY OF WELCH

AN ORDINANCE ESTABLISHING AND FIXING RATES, DELAYED PAYMENT PENALTIES, CONNECTION CHARGES, RE-CONNECTION CHARGES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM AND SEWERAGE SYSTEM OF THE CITY OF WELCH, AMENDING AND REPLACING WELCH CITY CODE §12-82 AND §12-102.

THE CITY COUNCIL OF THE CITY OF WELCH HEREBY ORDAINS: The following schedule of rates, delayed payment penalties, connection charges, re-connection charges and other charges are hereby fixed and determined as the rates, delayed payment penalties, connection charges, re-connection charges and other charges to be charged to customers of the waterworks system and sewerage system of the City of Welch throughout the territory served.

#### SECTION 12-82. SCHEDULE OF WATER RATES SCHEDULE NO. 1

##### APPLICABILITY

Applicable in entire territory served on bills rendered between the period 45 days after passage through April 30, 2009.

##### AVAILABILITY

Available for general residential, commercial and industrial water service.

##### RATES (CUSTOMERS WITH METERED WATER SUPPLY)

First 3,000 gallons used per month \$6.50 per 1,000 gallons  
 Next 7,000 gallons used per month \$5.75 per 1,000 gallons  
 Next 90,000 gallons used per month \$4.50 per 1,000 gallons  
 All over 100,000 gallons used per month \$3.50 per 1,000 gallons

##### FLAT RATE CHARGE (CUSTOMERS WITH NON-METERED WATER SUPPLY)

Equivalent to 4,000 gallons of water usage, \$25.25.

##### MINIMUM CHARGE

No minimum bill will be rendered for less than \$16.25 per month which is the equivalent of 2,500 gallons.

SIZE	MINIMUM
5/8 inch meter	\$18.25
3/4 inch meter	\$33.75
1 inch meter	\$56.25
1 1/4 inch meter	\$82.13
1 1/2 inch meter	\$112.50
2 inch meter	\$180.00
3 inch meter	\$337.50
4 inch meter	\$562.50
6 inch meter	\$1,125.00
8 inch meter	\$1,800.00
10 inch meter	\$2,520.00

#### SCHEDULED NO. 2

##### APPLICABILITY

Applicable in entire territory served on bills rendered between May 1, 2009 through April 30, 2010.

##### AVAILABILITY

Available for general residential, commercial, industrial and sale for resale (non contract) water service.

### RATES

First 3,000 gallons used per month \$8.00 per 1,000 gallons  
 Next 7,000 gallons used per month \$8.00 per 1,000 gallons  
 Next 190,000 gallons used per month \$6.25 per 1,000 gallons  
 Next 200,000 gallons used per month \$6.25 per 1,000 gallons

#### MINIMUM BILL

Each customer shall pay a minimum charge of \$24.00 per month based on 3,000 gallons of water usage per month.

#### UN-METERED RATE

A flat fee of \$32.00, based on 4,000 gallons of water usage per month, will be charged for all un-metered sewer customers.

#### SCHEDULE I-C

##### APPLICABILITY

Applicable in entire territory served on bills rendered commencing May 1, 2010.

##### AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial (except unusual industrial waste) and resale (non contract) sewer service.

### RATES

First 10,000 gallons used per month \$9.00 per 1,000 gallons  
 Next 40,000 gallons used per month \$7.00 per 1,000 gallons  
 Next 200,000 gallons used per month \$7.00 per 1,000 gallons  
 Next 250,000 gallons used per month \$7.00 per 1,000 gallons

#### MINIMUM BILL

Each customer shall pay a minimum charge of \$27.00 per month based on 3,000 gallons of water usage per month.

#### UN-METERED RATE

A flat fee of \$34.00, based on 4,000 gallons of water usage per month, will be charged for all un-metered sewer customers.

#### SEWER RATES COMMON TO SCHEDULES 1-A, 1-B and 1-C

##### SERVICE CONNECTION CHARGE

For existing customers currently charged for the use of sanitary sewer system there will be no connection charge. For all other customers there will be a charge for connection to the system of five hundred dollars (\$500.00) or actual cost of installation, including labor and materials.

##### DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

##### RE-CONNECTION/ADMINISTRATIVE FEES

If any bill is not paid within sixty (30) days from the date of billing, 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 and re-connection charges.

##### MINIMUM BILL FOR SEWER SERVICE FOR NON-CUSTOMERS

As authorized by West Virginia Code §6-18-22 any business or residence abutting any street, alley, public right-of-way or easement on which the City of Welch Sanitary System has a located a sewer line shall be given a written notice by the City of Welch to the owner or occupant thereof requiring them to connect to the municipal sewer system. The City of Welch will thereafter bill the owner or occupant a bill for sewer services based upon the business or residences actual water usage. If that usage cannot be accurately ascertained the owner or occupant will be assessed a sewer bill based on the current minimum sewer bill in force for the City of Welch.

##### MINIMUM BILL FOR THE BUREAU OF PRISONS

No minimum bill will be rendered for the Federal Bureau of Prisons Indian Ridge Facility of less than \$19,063.00 per month which is the equivalent of 3,000,000 gallons.

### CERTIFICATION AND NOTICE

The foregoing Ordinance has been introduced and adopted on first reading at a meeting of the Council held on Monday, March 3, 2008. Any person interested may appear before the Council of the City of Welch at the City Hall in Welch, West Virginia, on Monday, March 31, 2008 at 5:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Welch, West Virginia.

Robin Lee, City Clerk

**RATES (CUSTOMERS WITH METERED WATER SUPPLY)**

First 3,000 gallons used per month \$6.75 per 1,000 gallons  
Next 7,000 gallons used per month \$6.75 per 1,000 gallons  
Next 140,000 gallons used per month \$5.00 per 1,000 gallons  
All over 150,000 gallons used per month \$3.75 per 1,000 gallons

**FLAT RATE CHARGE (CUSTOMERS WITH NON-METERED WATER SUPPLY)**

Equivalent to 4,000 gallons of water usage, \$27.00.

**MINIMUM CHARGE**

No minimum bill will be rendered for less than \$20.25 per month which is the equivalent of 3,000 gallons.

SIZE	MINIMUM
5/8 inch meter	\$20.25
3/4 inch meter	\$30.38
1 inch meter	\$50.63
1 1/4 inch meter	\$73.91
1 1/2 inch meter	\$101.25
2 inch meter	\$162.00
3 inch meter	\$303.75
4 inch meter	\$506.25
6 inch meter	\$1,012.50
8 inch meter	\$1,620.00
10 inch meter	\$2,268.00

**SCHEDULE NO. 3**

**APPLICABILITY**

Applicable in entire territory served on bills rendered commencing May 1, 2010.

**AVAILABILITY**

Available for general residential, commercial, industrial and sale for resale (non contract) water service.

**RATES (CUSTOMERS WITH METERED WATER SUPPLY)**

First 3,000 gallons used per month \$7.50 per 1,000 gallons  
Next 7,000 gallons used per month \$7.00 per 1,000 gallons  
Next 190,000 gallons used per month \$5.00 per 1,000 gallons  
All over 200,000 gallons used per month \$3.75 per 1,000 gallons

**FLAT RATE CHARGE (CUSTOMERS WITH NON-METERED WATER SUPPLY)**

Equivalent to 4,000 gallons of water usage, \$20.50

**MINIMUM CHARGE**

No minimum bill will be rendered for less than \$22.50 per month which is the equivalent of 3,000 gallons.

SIZE	MINIMUM
5/8 inch meter	\$22.50
3/4 inch meter	\$33.75
1 inch meter	\$56.25
1 1/4 inch meter	\$82.13
1 1/2 inch meter	\$112.50
2 inch meter	\$180.00
3 inch meter	\$337.50
4 inch meter	\$562.50
6 inch meter	\$1,125.00
8 inch meter	\$1,800.00
10 inch meter	\$2,520.00

**WATER RATES COMMON TO ALL SCHEDULES**

**DELAYED PAYMENT PENALTY**

The above schedule is net. On all accounts not paid in full within twenty days of date of bill, ten percent will be added to the amount shown.

**RE-CONNECTION/ADMINISTRATIVE FEE**

If any delinquent bill is not paid within thirty (30) days after rendition, services to the premises may be disconnected or shut off and a re-connection charge of fifty dollars (\$50.00) shall be collected for reinstalling service when any such bill is paid.

**CONNECTION CHARGE**

There will be a charge for connection to the system of five hundred dollars (\$500.00) or actual cost of installation, including labor and materials.

**SURCHARGE**

Two and one-half (2 1/2) percent surcharge on water rates for customers out of city limits.

**WATER RESALE RATE**

The rates for water sold for the purpose of resale shall remain unchanged at the rate set by §12-85 of the Welch City Code.

**SECTION 12-102 SCHEDULE OF SEWER RATES**

**SCHEDULE I-A**

**APPLICABILITY**

Applicable in entire territory served on bills rendered between the date 45 days after passage through April 30, 2009.

**AVAILABILITY OF SERVICE**

Available for domestic, commercial, industrial sewer service.

**SCHEDULE II**

**SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM**

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge is dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches  
.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The City's approved rate per thousand gallons of metered water usage.

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

**SCHEDULE III  
APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF CITY OF WELCH**

Where the amount of sanitary sewage discharge into the City's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plants water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the City a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

This explanation is not part of the rate schedule:

This schedule is included on an if-and-when basis.

**SCHEDULE IV**

**APPLICABILITY**

Applicable in entire territory served.

**AVAILABILITY OF SERVICE**

Available for wastewater and leachate haulers.

**RATES**

**Commodity Charge** - Each hauler shall pay a commodity charge of \$20.00 per 1,000 gallons per load. Load will be two (2) times the actual capacity of the truck or other transport method delivering wastewater and leachate as determined or verified by Welch.

**DELAYED PAYMENT PENALTY**

The above tariff is net. On all current usage bills not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

**SECTION 3 EFFECTIVE DATE**

The initial rates, charges and penalties provided herein first 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. SEPARABILITY, REPEAL OF CONFLICTING ORDINANCES, ETC.**

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. 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.

**RATES**

First 3,000 gallons used per month \$7.70 per 1,000 gallons  
Next 7,000 gallons used per month \$7.25 per 1,000 gallons  
Next 90,000 gallons used per month \$6.25 per 1,000 gallons  
Next 100,000 gallons used per month \$5.90 per 1,000 gallons

**MINIMUM BILL**

Each customer shall pay a minimum charge of \$19.25 per month based on 2,500 gallons of water usage per month.

**UN-METERED RATE**

A flat fee of \$30.13, based on 4,000 gallons of water usage per month, will be charged for all un-metered sewer customers.

**SCHEDULE I-B**

**APPLICABILITY**

Applicable in entire territory served on bills rendered between May 1, 2009 through April 30, 2010.

**AVAILABILITY OF SERVICE**

Available for domestic, commercial, industrial (except unusual industrial waste) and resale (non contract) sewer service.

**SECTION 5 STATUTORY NOTICE AND PUBLIC HEARING**

Upon introduction hereof, the City Clerk shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Welch News, a qualified newspaper published and of general circulation in the City of Welch, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the City Hall, Welch, West Virginia, on the 31st day of March 2008, at 5:30 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading: March 3, 2008

Passed on Second Reading

Following Public Hearing:

Martha H. Moore, Mayor City of Welch

AFFIDAVIT OF PUBLICATION:

State of West Virginia
County of McDowell, to wit:

I, Irene Wooten, being first duly sworn upon my oath, do depose and say that I am the Legal Editor of the Welch News, Inc., a corporation, publisher of the newspaper entitled The Welch News, a Republican newspaper; that I have duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published 3 times a week except weekends and holidays, for at least fifty weeks during the calendar year, in the Municipality of Welch, McDowell County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication are or areas of the aforesaid municipality and McDowell County, West Virginia; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous, reading matters, advertisements, and other notices; that the annexed notice of

PUBLIC NOTICE OF CHANGE IN RATES
CITY OF WELCH

88 HOWARD STREET

WELCH, WV 24801

was duly published in said newspaper once a week for TWO successive weeks, (Class II), commencing with the issue of the 9 day of APRIL, 20 08, and ending with the issue of the 16 day of APRIL, 20 08 (and was posted at the (if required)

on the day of APRIL 9, & 16TH 2008 that said annexed notice was published on the following dates:

and that the cost of publishing said annexed notice as aforesaid was \$ 424.73

Irene Wooten
Irene Wooten, Legal Editor
The Welch News

Taken subscribed and sworn to before me in my said county this 28 day of APRIL 20 08

Notary Public, State of West Virginia

Notary Seal

IVED
MAY 8 41
SERVICE
SHOW
OFFICE

TARIFF FORM NO 12
PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES
NOTICE is hereby given that the CITY OF WELCH has adopted by ordinance, on March 31, 2008, a tariff containing a three phase increase in rates, tolls and charges for furnishing water service to 1,227 customers at Welch and vicinity, in McDowell County, West Virginia.
The proposed Phase I increase rates and charges will become effective 45 days from the effective date of the ordinance, unless otherwise ordered by the Public Service Commission, and will produce approximately \$109,000 annually in additional revenue, an increase of 19.8%. The average monthly bill for the various classes of customers will be changed as follows:

Table with 3 columns: (\$) INCREASE, INCREASE (%), and customer categories (Residential, Commercial, Industrial, Resale, Governmental).

\*Resale customers of the City include McDowell County Public Service District, which is NOT being impacted by this ordinance.
The proposed Phase II increased rates and charges will become effective May 1, 2009, unless otherwise ordered by the Public Service Commission. The Phase II rates will produce approximately \$88,500 annually in additional revenue, an increase of 13.4%. The average monthly bill for the various classes of customers will be changed as follows:

Table with 3 columns: (\$) INCREASE, INCREASE (%), and customer categories (Residential, Commercial, Industrial, Resale, Governmental).

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:
(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or
(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to:
Public Service Commission of West Virginia
Executive Secretary
201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the office of the City:
City of Welch Municipal Building
88 Howard Street
Welch, West Virginia 24801
A copy of the proposed rates is available for public inspection at the office of:
Public Service Commission of West Virginia
Executive Secretary
201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

TARIFF FORM NO 12
PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES
NOTICE is hereby given that the CITY OF WELCH has adopted by ordinance, on March 31, 2008, a tariff containing a three phase increase in rates, tolls and charges for furnishing sewer service to 980 customers at Welch and vicinity, in McDowell County, West Virginia.
The proposed Phase I increase rates and charges will become effective 45 days from the effective date of the ordinance, unless otherwise ordered by the Public Service Commission, and will produce approximately \$25,000 annually in additional revenue, an increase of 8.8%. The average monthly bill for the various classes of customers will be changed as follows:

Table with 3 columns: (\$) INCREASE, INCREASE (%), and customer categories (Residential, Commercial, Industrial, Resale, Governmental).

\*Also, the rates include a specific minimum charge (\$19,603 a month) to the Federal Bureau of Prison facility (under construction) at Indian Ridge.
The proposed Phase II increased rates and charges will become effective May 1, 2009, unless otherwise ordered by the Public Service Commission. The Phase II rates will produce approximately \$55,000 annually in additional revenue, an increase of 9.7%. The average monthly bill for the various classes of customers will be changed as follows:

Table with 3 columns: (\$) INCREASE, INCREASE (%), and customer categories (Residential, Commercial, Industrial, Resale, Governmental).

\*Also, the rates include a specific minimum charge (\$19,603 a month) to the Federal Bureau of Prison facility (under construction) at Indian Ridge.
The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:
(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or
(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.
All petitions should be addressed to:
Public Service Commission of West Virginia
Executive Secretary
201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

CITY OF WELCH  
RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

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

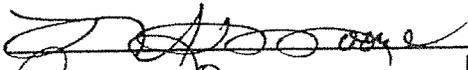
1. **Regular Meetings.** A notice shall be posted and maintained by the City Clerk at the front door or bulletin board of the Welch City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the City Clerk not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. **Special Meetings.** A notice shall be posted by the City Clerk at the front door or bulletin board of the Welch City Hall not less than 48 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 and apply to all City Board, Commissions, etc.

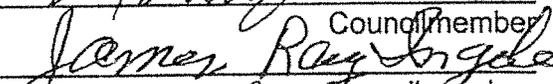
**NOW, THEREFORE, BE IT RESOLVED** that the Welch City Council hereby adopts these Open Governmental Proceedings Rules.

ADOPTED this 6 day of March, 2000.

  
\_\_\_\_\_  
Robin Owens  
Acting City Clerk

Mayor

  
\_\_\_\_\_  
Mark Johnson  
Councilmember

  
\_\_\_\_\_  
James Ray Ingle  
Councilmember

  
\_\_\_\_\_  
William R. Spivey  
Councilmember

  
\_\_\_\_\_  
Frank Cooley  
Councilmember

\_\_\_\_\_  
Councilmember

**Sec. 12-33. Bonding of employees.**

The water board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The board shall require all persons who collect or otherwise handle funds of the board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of such funds in their hands. The bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the board.

(Ord. of 8-19-85, § 8)

Secs. 12-34—12-55. Reserved.

**ARTICLE III. SANITARY BOARD****Sec. 12-56. Created.**

The city council does hereby create and establish a sanitary board, with all powers and duties as provided in and pursuant to the act.

(Ord. of 5-13-85(4), § 1)

**Sec. 12-57. Composition; chairman; appointment of members.**

The sanitary board shall be composed of the mayor and two (2) persons appointed by the council, one (1) of whom, during the construction period of the system, must be a registered professional engineer. The engineer member of the board need not be a resident of the municipality. After the construction of the system has been completed, the engineer may be succeeded by a person not an engineer. Such appointees shall originally be appointed for terms of two (2) and three (3) years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of three (3) years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the city, whether holding a paid or unpaid office, shall be eligible to appointment on the sanitary board until at least one (1) year after the expiration of the term of his public office.

(Ord. of 5-13-85(4), § 2)

**Sec. 12-58. Organizational meetings; vice chairman, secretary, treasurer; official bonds.**

As soon as may be practicable following the appointment of a new member of the sanitary board, the board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one (1) person and need not be a board member, and such officers shall hold office at the will of the board. No bond shall be required of the board members as such, but the treasurer, whether a member of the board or

not, shall give bond in the penalty of two thousand dollars (\$2,000.00) for the proper application of all money received by him as treasurer of the board and otherwise conditioned according to law.

(Ord. of 5-13-85(4), § 3)

**Sec. 12-59. Compensation and expenses of board members.**

The chairman of the sanitary board shall be paid a salary of two hundred seventy-five dollars (\$275.00) per month, and the other two (2) members of the sanitary board shall each be paid a salary of thirty-five dollars (\$35.00) per month. During the construction period of the Welch Wastewater Facilities Project, the chairman of the sanitary board shall be paid a salary of eight hundred dollars (\$800.00) per month and the other two (2) members of the sanitary board shall each be paid a salary of two hundred dollars (\$200.00) per month. The construction period of the Welch Wastewater Facilities Project shall be defined as the first date of publicly advertising for construction bids, through the construction of the Welch Wastewater Facilities Project and ninety (90) days after the acceptance of the final contract. All members of the board shall be reimbursed from sewerage system funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the city for any salary or expense so incurred.

(Ord. of 5-13-85(4), § 4; Ord. of 1-16-87(2))

State law reference—Authority to determine compensation, W. Va. Code, Article 13, Chapter 16.

**Sec. 12-60. Powers, duties and limitations.**

(a) The sanitary board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the city.

(b) The sanitary board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such board by this article and under and by virtue of W. Va. Code, Chapter 16, Article 13, as the same now exists and may be amended; but the powers of the sanitary board shall be subject to all restrictions and limitations contained in such Article 13 as the same now exists or may be amended.

(c) The sanitary board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of such Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the board or the town beyond the extent to which money shall have been or may be provided under the authority of such Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of one thousand dollars (\$1,000.00) shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any and all bids.

(d) The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the sanitary board.

(e) After the construction, installation and completion of such works the sanitary board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the board shall have in addition hereto any and all powers granted to it by such Article 13, or which may be granted to it by amendments to such article, hereafter made, subject to any and all restrictions and limitations therein contained.

(Ord. of 5-13-85(4), § 5)

**Sec. 12-61. Duty of board to restore property damaged by its activities.**

All public ways or public works damaged or destroyed by the sanitary board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of W. Va. Code, Chapter 16, Article 13.

(Ord. of 5-13-85(4), § 6)

**Sec. 12-62. Publication of financial statement.**

The sanitary board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of W. Va. Code, Chapter 59, Article 3, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the board.

(Ord. of 5-13-85(4), § 7)

**Sec. 12-63. Procedure for disbursement of funds.**

All funds under the supervision of the sanitary board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be

properly signed by the authorized officer or agent of the board. All such disbursements shall be approved by the board.

(Ord. of 5-13-85(4), § 8)

**Sec. 12-64. Bonding of employees who handle money.**

The sanitary board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver upon and pay over all money as provided by law. The board shall require all persons who collect or otherwise handle funds of the board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of such funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person, as may be determined by the board.

(Ord. of 5-13-85(4), § 9)

Secs. 12-65—12-80. Reserved.

**ARTICLE IV. WATER RATES**

**Sec. 12-81. Generally.**

(a) The schedules under this article contain water rates by the city for furnishing water service to customers in the city and county.

(b) The schedules under this article shall be applicable in the entire areas served.

(c) In addition to the rates set forth in this article, there shall be a twenty-five (25) percent surcharge on all customers living outside of the city limits.

(Ord. of 6-21-83; Ord. No. 90-7, 10-22-90)

**Sec. 12-82. Schedule number 1.**

(a) *Availability.* The city's water service under schedule no. 1 shall be available for general domestic, commercial and industrial service.

(b) *Rate:*

(1) First 400 cubic feet used per month: \$3.27 per 100 cubic feet;

(2) Next, 1,600 cubic feet used per month: \$2.64 per 100 cubic feet;

(3) Next, 2,000 cubic feet used per month: \$2.34 per 100 cubic feet;

(4) Next, 3,000 cubic feet used per month: \$2.02 per 100 cubic feet;

(5) All over 7,000 cubic feet used per month: \$1.56 per 100 cubic feet.

(c) *Reconnection fee.* If any delinquent bill is not paid within thirty (30) days after rendition, services to the premises may be disconnected or shut off and a reconnection

Supp. No. 3

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of the City of Welch hereby petitions the Council of the City of Welch to enact an ordinance directing that sewerage revenue bonds of the City of Welch be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such Sewer Revenue Bonds, Series 2013 A to be in an amount not to exceed \$4,200,000, for the purpose of financing the costs of issuance and costs of elimination of combined sewer overflows and construction other certain extensions, additions, betterments and improvements to the existing public sewerage system, together with all necessary appurtenances and other related costs.

Directed this 30th day of January 2013.

CITY OF WELCH SANITARY BOARD

By:   
Its: Chairman

*City of Welch  
88 Howard Street  
Welch, WV 24801*

*Phone 304-436-3113 email: [welchww@mcsww.net](mailto:welchww@mcsww.net) Fax 304-436-2546*

---

*City of Welch Council Meeting  
January 7, 2013*

A regular meeting of the Welch City Council held on Monday, January 7, 2013 at 4:00pm in the Welch City Hall, present were: Mayor Honaker, Frank Cooley, William R. Spencer, James Ingole, Sr. Emily Yeager, Fred Odum, Councilors, and Robin Lee, City Clerk

**Visitors Present**

Todd Swanson, Bond Counselor, Steptoe & Johnson, Attorneys At Law

Mayor Honaker called the meeting to order as properly advertised. Councilor Spencer gave the invocation. Councilor Cooley led the Pledge of Allegiance was conducted.

**Approval of Minutes**

The minutes of December 3, 2012 were approved with a motion from Councilor Ingole, seconded by Councilor Spencer, motion passed unanimously.

**Approval of Invoices**

Councilor Spencer moved to approve the invoices for the General, Coal Severance and Garbage Funds totaling \$37,743.42, Councilor Odum seconded, motion carried unanimously.

**Police, Fire, Department Reports, Financial Reports**

The Police and Fire Department Report and Financial Reports for the month of November and December, 2012 were reviewed.

**Building Permits**

The Building Permits administered by the McDowell County Redevelopment Authority for the month of December, 2012 for the City of Welch were reviewed. The permits were: Micky Roberts, Mobile Home Setup & Electric, Advance Auto Parts, Fire Alarm, etc., Tyco Integrated.

**1<sup>st</sup> Reading-Bond Ordinance-Contract 8B&8C**

Mr. Todd Swanson addressed the Council regarding the first reading of the proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2013 A(the Bonds"). The proceeds of the Bonds will be used to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and to pay certain costs of issuance hereof and related costs. The bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City. This sewer

construction (Contract 8B & 8C) will separate sewer and storm water (CSO Elimination Project) in the areas of Franklin Street, Riverside Drive, Summers Street and Southwood Area, (Contract 8B) and Southwood Area, Riverside Drive, Camper Lane, Magnolia Avenue, Edgewood Avenue, Cornell Avenue and Gibson Lane. The financing of the cost through the issuance by the City of Welch of not more than \$4,200,000 in original aggregate principal amount of Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program). The actual loan amount will be determined by Supplemental Resolution adopted by City Council once bids are received and the closing is finalized. The bid opening is scheduled for Wednesday, February 6, 2013. The bond is for 0% interest, 0.5% administration fee, 40 years. He also stated this is the first of three readings for the bond ordinance, with a public hearing being held on the third reading at the Council Meeting held in March, 2013. He also stated there are two other bonds the City has; one dated June 25, 1996 issued in the amount of \$2,900,00 (USDA) and one issued May 6, 2008 issued in the amount of \$2,000,000 (West Virginia SRF Program). These bonds are being paid from the Sewer Revenue Collections from the city. The new bond will also be paid from the Sewer Revenue Collections. Motion was made by Councilor Odum to approve the first reading of the bond ordinance, seconded by Councilor Yeager, motion passed unanimously.

**Personnel- Amend Retiree Vacation Time and Sick Time**

Amendments to the Retiree Vacation and Sick Time were presented for approval. These amendments will be changed to reflect the current rules of the West Virginia Public Employees Retirement System and West Virginia Public Employees Insurance Agency. The changes are as follows: Employees who retire or otherwise terminate employment with the City of Welch may use unused accrued sick time and/or vacation time to extend time of service. Employees who were enrolled in PEIA between July 1, 1988 and July 1, 2001 may use accumulated vacation and sick leave to pay 50% of their monthly PEIA premium after the employee retires. Motion to approve the amended policy was made by Councilor Spencer, seconded by Councilor Odum, motion passed unanimously.

**Ordinance- Requiring Business to Provide Proof of Insurance-3 Alternatives**

Council had previously passed an ordinance requiring business to provide proof of insurance before obtaining a business license within the City of Welch and delay enforcement of the ordinance for six months. The six month period has ended and the ordinance needs enforced unless there are changes. Mr. Barie had presented variations of amendments to the present ordinance. The concern is requiring insurance coverage to cover the demolition costs of certain commercial buildings destroyed by fire or other disaster and the city not having the liability of cleanup after a fire and for public safety. The two main ways are to limit the types of businesses covered or to limit the geographic area covered. Alternative 1 is limited to downtown. The basis for the restriction would be to protect our main traffic routes. Alternative 2, the ordinance only applies to residential rental buildings with more than 2 units in a single structure. Alternative 3 requires insurance for structures that are more than two or more stories high. Discussion held. Council previously approved Alternative 2 with changes at the meeting held December 3, 2012. Councilor Spencer stated his concerns regarding the awareness for the public/property owners. He was also concerned not to discourage business in Welch.

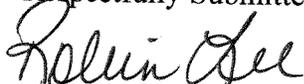
He stated it needs publicized. Further discussion was held. Motion was made by Councilor Yeager to send a letter stating a change/requirement to business license requirements and inviting all businesses owners to a public meeting to discuss their concerns. Councilor Spencer seconded, motion passed unanimously.

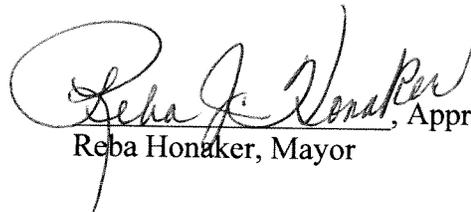
**Resolutions, Proclamations, Budget Revisions, Parking, Legal Matters, Personnel, Flood Prevention/Information, Utility Updates, Economic Updates, Airport**  
No discussion was held.

**Adjournment**

There being no other business to come before the council, Councilor Yeager made a motion to adjourn the meeting, seconded by Councilor Odum, motion passed unanimously and the meeting was adjourned.

Respectfully Submitted,

  
Robin Lee  
City Clerk

  
Reba Honaker, Mayor

*City of Welch  
88 Howard Street  
Welch, WV 24801*

*Phone 304-436-3113 email: [welchww@mcsww.net](mailto:welchww@mcsww.net) Fax 304-436-2546*

---

*City of Welch Council Meeting  
February 4, 2013*

A regular meeting of the Welch City Council held on Monday, February 4, 2013 at 4:00pm in the Welch City Hall, present were: Mayor Honaker, Frank Cooley, William R. Spencer, James Ingole, Sr. Emily Yeager, Fred Odum, Councilors, Danny Barie and Robin Lee, City Clerk

**Visitors Present**

Martin West, Sheriff of McDowell County, Roger Deel, Chief Field Deputy, David Pope, citizen

Mayor Honaker called the meeting to order as properly advertised. Councilor Spencer gave the invocation. Councilor Cooley led the Pledge of Allegiance was conducted.

**Approval of Minutes**

The minutes of January 7, 2013 were approved with a motion from Councilor Spencer seconded by Councilor Yeager, motion passed unanimously.

**Approval of Invoices**

Councilor Spencer moved to approve the invoices for the General, Coal Severance and Garbage Funds totaling \$54,964.55, Councilor Yeager seconded, motion carried unanimously.

**Police, Fire, Department Reports, Financial Reports**

The Police and Fire Department Report and Financial Reports for the month of January, 2013 were reviewed.

**Building Permits**

The Building Permits administered by the McDowell County Redevelopment Authority for the month of January, 2013 for the City of Welch were reviewed. The permits were: Sandy Kowaleski, fix retaining wall/Steve Burkhart, Billy Salyers, renovate kitchen/owner, H.C. Lewis/renovate building/A+Repairs.

**Visitors**

Sheriff Martin West spoke to Council stating his office is ready to assist the city in their needs from his department to better serve the public. His office and office staff is available to help and be supportive to the city with their needs. He stated he would be glad to work with the city's police department with their requests toward better serving the public. Discussion held. Mayor Honaker stated her appreciation to Sheriff West and his department.

**2nd Reading-Bond Ordinance-Contract 8B&8C**

The second reading of the proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2013 A(the Bonds”)was presented for approval. The proceeds of the Bonds will be used to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the “Project”); and to pay certain costs of issuance hereof and related costs. The bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City. This sewer construction (Contract 8B & 8C) will separate sewer and storm water (CSO Elimination Project)in the areas of Franklin Street, Riverside Drive, Summers Street and Southwood Area, (Contract 8B) and Southwood Area, Riverside Drive, Camper Lane, Magnolia Avenue, Edgewood Avenue, Cornell Avenue and Gibson Lane. The financing of the cost through the issuance by the City of Welch of not more than \$4,200,000 in original aggregate principal amount of Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program). The actual loan amount will be determined by Supplemental Resolution adopted by City Council once bids are received and the closing is finalized. The bid opening is scheduled for Wednesday, February 6, 2013. The bond is for 0% interest, 0.5% administration fee, 40 years. This is the second of three readings for the bond ordinance, with a public hearing being held on the third reading at the Council Meeting held in March, 2013. The new bond will also be paid from the sewer revenue collections of the city. Motion was made by Councilor Yeager to approve the second reading of the bond ordinance, seconded by Councilor Spencer, motion passed unanimously.

**Property Issues-Demolition Request/McDowell St**

Mr. Ronnie Clemins has requested that Council consider assisting with the demolition and asbestos costs of the former Sports Den Building located on McDowell Street. Mr. Clemins is planning to purchase the building and the owners of Appalachian Hearing are planning to help with the demolition costs. Demolishing the building will provide additional parking spaces in the area. Discussion was held. It was the consensus of the council not to assist with the costs of demolition and asbestos, the demolition program has been closed.

**Property Issues**

Southern Insurance Agency-Discussion was held regarding the demolition and debris removal of the former Southern Insurance Agency building on McDowell Street that received damage from the Libby Building fire from January, 2012. Costs of demolition and debris removal was \$15,000. The representatives of Southern Insurance Agency has made an offer of \$7,500 as settlement of the costs. Discussion was held. Councilor Cooley made a motion to accept the \$7,500 along with conveyance of the property or for Southern Insurance Agency to pay the full costs of \$15,000.00. Councilor Spencer seconded, motion passed unanimously.

**Parking**

Mayor Honaker stated there has been a request from the police officers stating there are currently two parking spaces marked as police parking near the magistrates offices on Wyoming Street. They are requesting that a meter from one of the spaces be removed

and be designated as City of Welch Police Parking only. Discussion was held. Motion was made by Councilor Cooley to approve the request for the City of Welch Police Parking only, seconded by Councilor Spencer, motion passed unanimously.

**Other Business**

Council Yeager stated Mr. Kim Mills is still having problems with dogs running at large from a neighbor's property on Grandview Street. Discussion held.

**Ordinance- Requiring Business to Provide Proof of Insurance**

Mr. Barie stated he is still working on the list of businesses to be sent letters regarding the ordinance requiring businesses to provide proof of insurance. The letter will invite businesses to a council meeting to discuss concerns they may have regarding the ordinance.

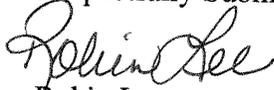
**Resolutions, Proclamations, Budget Revisions, Parking, Legal Matters, Personnel, Flood Prevention/Information, Utility Updates, Economic Updates, Airport**

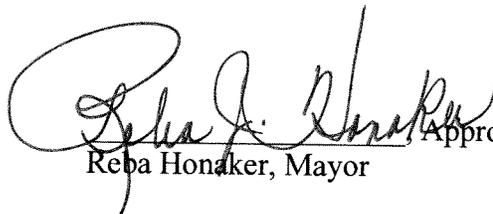
No discussion was held.

**Adjournment**

There being no other business to come before the council, Councilor Yeager made a motion to adjourn the meeting, seconded by Councilor Odum, motion passed unanimously and the meeting was adjourned.

Respectfully Submitted,

  
Robin Lee  
City Clerk

  
Reba Honaker, Mayor Approved

*City of Welch  
88 Howard Street  
Welch, WV 24801*

*Phone 304-436-3113 email: [welchww@mcsww.net](mailto:welchww@mcsww.net) Fax 304-436-2546*

---

*City of Welch Council Meeting/Public Hearing  
March 4, 2013*

A regular meeting of the Welch City Council held on Monday, February 4, 2013 at 4:00pm in the Welch City Hall, present were: Mayor Honaker, Frank Cooley, James Ingole, Sr. Emily Yeager, Fred Odum, Councilors, Danny Barie and Robin Lee, City Clerk

**Visitors Present**

Gene Marks, Direct Sales Representative, Shentel, Todd Swanson, Bond Counselor, Steptoe & Johnson, Attorneys at Law

**Public Hearing/3rd Reading-Bond Ordinance-Contract 8B&8C**

Mayor Honaker opened the public hearing and introduced Mr. Todd Swanson who addressed the council and visitors present the consideration on the third and final reading a proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2013 A(the Bonds”) for approval. The proceeds of the Bonds will be used to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the “Project”); and to pay certain costs of issuance hereof and related costs. The bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City. This sewer construction (Contract 8B & 8C) will separate sewer and storm water (CSO Elimination Project)in the areas of Franklin Street, Riverside Drive, Summers Street and Southwood Area, (Contract 8B) and Southwood Area, Riverside Drive, Camper Lane, Magnolia Avenue, Edgewood Avenue, Cornell Avenue and Gibson Lane. The financing of the cost through the issuance by the City of Welch of not more than \$4,200,000 in original aggregate principal amount of Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program). The actual loan amount will be determined by Supplemental Resolution adopted by City Council once bids are received and the closing is finalized. The bond is for 0% interest, 0.5% administration fee, 40 years. The new bond will also be paid from the sewer revenue collections of the city. Mayor Honaker asked for public comments, there being no comments, motion was made by Councilor Yeager to approve the third reading of the bond ordinance, seconded by Councilor Spencer, motion passed unanimously. Mayor Honaker closed the public hearing.

Mayor Honaker called the regular meeting to order as properly advertised. Councilor Yeager gave the invocation. Councilor Cooley led the Pledge of Allegiance was conducted.

### **Approval of Minutes**

The minutes of February 4, 2013 with a correction were approved with a motion from Councilor Ingole, seconded by Councilor Yeager, motion passed unanimously.

### **Approval of Invoices**

Councilor Ingole moved to approve the invoices for the General, Coal Severance and Garbage Funds totaling \$28,977.13 Councilor Odum seconded, motion carried unanimously.

### **Police, Fire, Department Reports, Financial Reports**

The Police and Fire Department Report for the month of February, 2013 and Financial Reports for the month of January, 2013 were reviewed.

### **Building Permits**

The Building Permits administered by the McDowell County Redevelopment Authority for the month of February, 2013 for the City of Welch were reviewed. The permits were: Mike Evans, Electric Upgrade/McBride Electric, Christopher Charney, replace guttering/Creative Exteriors, Akers Realty, window replacement/Window World of Beckley, Billy Riggs, Window replacement/Window World of Beckley

### **Visitors**

Gene Marks, addressed the Council with internet/broadband service that Shentel can provide for the city offices/locations. He explained Shentel provides more than cable service. They also provide phone and internet services. He also stated the quality of service is much better than our current provider. He stated Shentel can provide the same service as we are receiving now but with better quality at about the same price. Discussion held. It was the consensus of the Council for Mr. Marks to present a proposal for Council's review.

### **Southern Insurance Agency/Settlement of Demolition Costs**

Mr. Barie stated that correspondence was recently received from Southern Insurance Agency stating they received \$10,000 from their insurance policy for debris removal and demolition costs due to the fire of the former Libby Building on McDowell Street. Representatives of Southern Insurance have agreed to pay /reimburse the city for \$10,000 toward the payment of debris removal and demolition costs. The costs from the contractor were \$15,000. Discussion held. Motion was made by Councilor Odum to accept the offer of \$10,000, seconded by Councilor Ingole, motion passed unanimously.

### **Annual Project Prioritizations**

#### **Prioritizations of Projects**

A resolution and a community prioritization list from Region I PDC were presented. The Regional Council annually prioritizes projects for communities that are seeking funding for the coming year and requests that the city prioritize projects to apply for funding. Discussion was held. Motion was made by Councilor Odum to approve the resolution, seconded by Councilor Yeager motion passed unanimously. Motion was made by Councilor Odum to prioritize Community Facilities & Service (water, sewer, etc.) as first

priority, Housing, second priority, Economic Development, third priority, Environment and Natural Resources, fourth priority, Transportation, fifth priority, Human Resources, sixth priority, Energy, seventh priority and Government, eighth priority. Motion was seconded by Councilor Yeager, motion passed unanimously. The following community priority revisions projects will be submitted to Region I PDC: Sewer Projects-Contract Contract 8B, Contract 8C, Contract 8D, Water Treatment Plant Upgrade, Wastewater Treatment Plant Improvement, Contract 5 Hemphill Sewer, North Welch Sewer Construction, Contract 5, Water Distribution System Upgrade, Contract 6 and Contract 7.

**Resolutions-WV Development Office Grants**

Mayor Honaker presented three resolutions for Council's approval. The resolutions are for grants from the WV Development Office-Governor's Community Participation Programs Funds. The first resolution was for \$1,000 for the City of Welch Fire Department for equipment and supplies. Motion was made by Councilor Odum to approve the resolution, seconded by Councilor Yeager, motion passed unanimously. The second resolution was for \$10,000 for the Replacement of Police Vehicles. Motion was made by Councilor Odum to approve the resolution, seconded by Councilor Ingole, motion passed unanimously. The third resolution was to approve \$2,000 for the City of Welch VFW Post 8413 for improvements, supplies and equipment. Motion was made by Councilor Ingole to approve the resolution, seconded by Councilor Odum, motion passed unanimously.

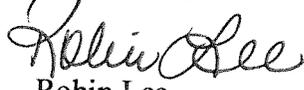
**Proclamations, Ordinances, Budget Revisions, Personnel, Parking, Legal Matters, Personnel, Flood Prevention/Information, Utility Updates, Economic Updates, Airport**

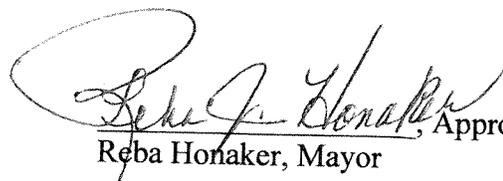
No discussion was held.

**Adjournment**

There being no other business to come before the council, Councilor Yeager made a motion to adjourn the meeting, seconded by Councilor Odum, motion passed unanimously and the meeting was adjourned.

Respectfully Submitted,

  
Robin Lee  
City Clerk

  
Reba Honaker, Mayor, Approved

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF  
SUPPLEMENTAL RESOLUTION AND SWEEP RESOLUTION

The undersigned CLERK of the City of Welch of hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Council:

\*\*\*

\*\*\*

\*\*\*

The Council of the City of Welch met in special session, pursuant to notice duly posted, on the 24th day of April, 2013, in McDowell County, West Virginia, at the hour of 4:00 p.m.

PRESENT:

Reba Honaker, Mayor  
Robin Lee, Clerk  
James Ingle, Sr., Councilmember  
Emily Yeager, Councilmember  
Frank Cooley, Councilmember  
Fred Odum, Councilmember  
William Spencer, Councilmember

John Stump, Steptoe & Johnson

Reba Honaker, Mayor, presided, and Robin Lee, acted as Clerk. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF WELCH; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO

SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by James Ingole, Sr. and seconded by Emily Yeager, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Emily Yeager and seconded by Fred Odum, it was unanimously ordered that the said Sweep Resolution be adopted.

\*\*\*

\*\*\*

\*\*\*

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

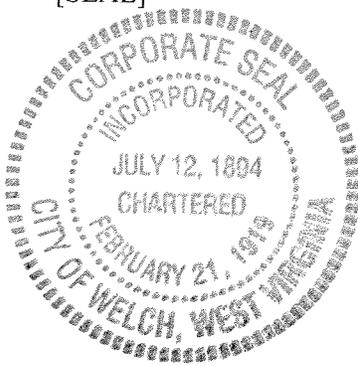
[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the City of Welch 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 6th day of May, 2013.

[SEAL]



*Robin G. Lee*  
\_\_\_\_\_  
Clerk

**AFFIDAVIT OF PUBLICATION:**

State of West Virginia  
County of McDowell, to wit:

I, Thomas Molin, being first duly sworn upon my oath, do depose and say that I am the Legal Editor of the Welch News, Inc., a corporation, publisher of the newspaper entitled The Welch News, a Republican newspaper; that I have duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published 3 times a week except weekends and holidays, for at least fifty weeks during the calendar year, in the Municipality of Welch, McDowell County, West Virginia; that such newspaper is a newspaper of "general circulation", as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and McDowell County, West Virginia; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Public Hearing

City of Welch

was duly published in said newspaper once a week for 2 successive weeks, (Class II), commencing with the issue of the 18 day of Feb., 2013, and ending with the issue of the 25 day of Feb., 2013 (and was posted at the (if required)

\_\_\_\_\_ on the day of \_\_\_\_\_, 20\_\_\_\_ that said annexed notice was published on the following dates: 2/18/13 & 2/25/13

and that the cost of publishing said annexed notice as aforesaid was \$ 83.32.

Thomas Molin  
Thomas Molin, Legal Editor  
The Welch News

Taken subscribed and sworn to before me in my said county this 1 day of Mar., 2013.

Leshia A. Ratliff  
Notary Public, State of West Virginia

**LEGAL NOTICE**

**NOTICE OF PUBLIC HEARING ON CITY OF WELCH BOND ORDINANCE**

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the City of Welch (the "City") to be held on Monday, March 4, 2013, at 4:00 p.m., at the City Hall, 88 Howard Street, Welch, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF WELCH AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF WELCH OF NOT MORE THAN \$4,200,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF 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 BOND PURCHASE 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 entitled Ordinance was approved by the Council on February 4, 2013.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

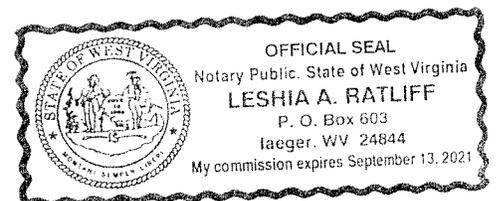
A certified copy of the above entitled Ordinance is on file with the Council at the office of the City Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: February 11, 2013.

Robin Lee  
City Clerk

2/18, 25, 21c



**WV MUNICIPAL BOND COMMISSION**

900 Pennsylvania Avenue  
Suite 1117  
Charleston, WV 25302  
(304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 5/6/2013

ISSUE: City of Welch  
Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program)

ADDRESS: 88 Howard Street, Welch, West Virginia 24801 COUNTY: McDowell

PURPOSE OF ISSUE:

New Money: X  
Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 5/6/2013

CLOSING DATE: 5/6/2013

ISSUE AMOUNT: \$4,044,246

RATE: 0%; 0.5% Administrative Fee

1ST DEBT SERVICE DUE: 6/1/2015

1ST PRINCIPAL DUE 6/1/2015

1ST DEBT SERVICE AMOUNT \$26,607.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:

Firm: Steptoe & Johnson PLLC  
Contact John Stump, Esquire  
Phone: (304) 353.8196

UNDERWRITERS COUNSEL

Firm: Jackson Kelly PLLC  
Contact: Samme Gee  
Phone: (304) 340-1318

CLOSING BANK:

Bank: MCNB Bank  
Contact: Betty Lamb  
Phone: 304.425.3000

ESCROW TRUSTEE:

Firm: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT

Contact: Robin Lee  
Position: Clerk  
Phone: 304.436.3113

OTHER:

Agency: W.V. Department of Environmental Protection  
Contact: Rosalie Brodersen  
Position: Program Manager  
Phone: (304) 926.0499 (ext. 1608)

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 2013 A Bonds Reserve Account will be funded over 10 years.  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_  
\_\_\_\_\_

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

MCNB Bank, Welch, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Welch (the "Issuer") enacted by the Issuer on March 4, 2013, and a Supplemental Resolution adopted by the Issuer on April 24, 2013 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated May 6, 2013, in the principal amount of \$4,044,246 (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 6th day of May, 2013.

MCNB BANK

By:   
Its: Authorized Officer

CITY OF WELCH

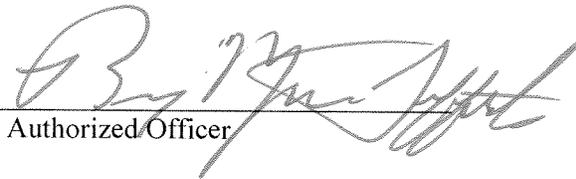
Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Welch Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated May 6, 2013, issued in principal amount of \$4,044,246 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 6th day of May, 2013.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

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 City of Welch (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, dated May 6, 2013, in the principal amount of \$4,044,246, numbered AR-1 was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 6th day of May, 2013.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of May, 2013, by and between the City of Welch, 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 \$4,044,246 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in fully registered form (the "Series 2013 A Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted March 4, 2013, and a Supplemental Resolution of the Issuer duly adopted April 24, 2013 (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 2013 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 2013 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 2013 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, if any, on the Series 2013 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:

City of Welch  
88 Howard Street  
Welch, West Virginia 24801  
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 and deliver the Series 2013 A Bonds in accordance with the Bond Legislation.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

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.

CITY OF WELCH

By:   
Its: Mayor

THE HUNTINGTON NATIONAL BANK

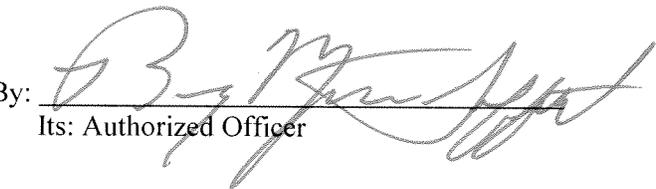
By:   
Its: Authorized Officer

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)



STATEMENT OF REGISTRAR'S FEES  
Invoice Date May 6, 2013

**City of Welch**  
**Account Number 6089001809**

City of Welch  
Sewer Revenue Bonds, Series 2013 A  
c/o Katy Mallory  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*

FEE CALCULATION FOR May, 2013

\*\*\*\*\*

TOTAL AMOUNT	\$ 500.00
<b>TOTAL DUE</b>	<b><u>\$ 500.00</u></b>

**MAIL CHECK TO:**  
**THE HUNTINGTON NATIONAL BANK**  
**ATTN: BARRY GRIFFITH – WE3013**  
**PO BOX 633**  
**CHARLESTON, WV 25322-0633**

**PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT**

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304) 348-5035



# CERTIFICATE OF LIABILITY INSURANCE

WELCH-1

OP ID: MI

DATE (MM/DD/YYYY)

08/02/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston, WV 25314 Frank A. Baer, III	304-345-8000	CONTACT NAME:	
	304-345-8014	PHONE (A/C, No, Ext):	FAX (A/C, No):
		E-MAIL ADDRESS:	
INSURER(S) AFFORDING COVERAGE			NAIC #
INSURER A : Atlantic Specialty Insurance			27154
INSURER B :			
INSURER C :			
INSURER D :			
INSURER E :			
INSURER F :			

INSURED  
City Of Welch  
Welch Municipal Bldg.  
88 Howard Street  
Welch, WV 24801

**COVERAGES**

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADOL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <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"/> PRO-JECT <input type="checkbox"/> LOC		791-000-440-0001	08/01/12	08/01/13	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ N/A PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS - COMP/OP AGG \$ 5,000,000 Emp Ben. \$ 1,000,000
A	<b>AUTOMOBILE LIABILITY</b> <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		791-000-440-0001	08/01/12	08/01/13	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0		791-000-440-0001	08/01/12	08/01/13	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A				WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Certificate holder is named as additional insured as respects sewer project.

**CERTIFICATE HOLDER****CANCELLATION**

WVWDCHA

WV Water Development Authority  
180 Association Drive  
Charleston, WV 25311

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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

Writer's Contact Information

## CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** May 6, 2013  
**Re:** City of Welch  
Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program)

---

### DISBURSEMENTS TO THE CITY OF WELCH

Payor: West Virginia Department of Environmental Protection  
Source: Series 2013 A Bonds Proceeds  
Amount: \$202,213  
Form: Wire Transfer  
Payee: City of Welch, 88 Howard Street, Welch, West Virginia 24801  
Bank: MCNB Bank, 75 Wyoming Street, Welch, WV 24801  
Routing #: 051501723  
Account #: 0460270  
Contact: Betty Lamb, 304.425.3000  
Account: Series 2013 A Bonds Construction Trust Fund

950640.00005

DEP PAYMENT REQUISITION FORM

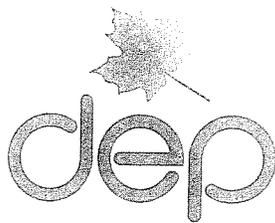
1. LOAN RECIPIENT/VENDOR:  
 NAME: City of Welch 8B-8D Sewer Project  
 ADDRESS: 88 Howard Street  
Welch, WV 24801  
 FEIN: #55-6000264  
 DUNS: #044075265
2. SRF #: C544375-01
3. INVOICE NUMBER: # 1
4. PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)  
 FROM: (MO/DAY/YR) 9/1/2011 TO: (MO/DAY/YR) 3/31/2013
5. % of PHYSICAL CONSTRUCTION COMPLETION 0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONLY
1) CONSTRUCTION 8B	\$ 1,020,722		\$ 12,234	\$ 12,234	12,234
2) CONSTRUCTION 8C	\$ 1,085,986			\$ -	
3) CONSTRUCTION 8D	\$ 878,093			\$ -	
4) ENGINEERING					
b. Design Basic	\$ 211,701		\$ 37,041	\$ 37,041	37,041
c. Asset Mgmt Plan	\$ 79,761			\$ -	
d. Spec Services	\$ 50,000		\$ 5,020	\$ 5,020	5,020
e. Inspection	\$ 324,318			\$ -	
f. Redesign	\$ 77,117		\$ 77,117	\$ 77,117	77,117
5) LEGAL /ACCOUNTING	\$ 24,000		\$ 23,705	\$ 23,705	23,705
6) ACTIVITY R-O-W				\$ -	
7) ADMINISTRATIVE	\$ 100,000		\$ 10,263	\$ 10,263	10,263
8) PERMITS	\$ 12,100		\$ 6,334	\$ 6,334	6,334
9) CONST. CONTINGENCY	\$ 149,948			\$ -	
10) EQUIPMENT				\$ -	
11) PROJECT CONT.				\$ -	
12) CLOSING COSTS	\$ 30,500		\$ 30,500	\$ 30,500	30,500
13) SUBTOTAL	\$ 4,044,246		\$ 202,213	\$ 202,213	202,213
14) LESS PREVIOUSLY PAID					0
15) INVOICE AMOUNT					202,213

16) <u>Reba Honaker</u> AUTHORIZED SIGNATURE <u>Reba Honaker - Mayor- City of Welch</u> TYPED OR PRINTED NAME AND TITLE	4/15/2013 DATE	15) <u>LeAnn Croy</u> PERSON PREPARING FORM SIGNATURE <u>LeAnn Croy Financial Director</u> TYPED OR PRINTED NAME AND TITLE	4/12/2013 DATE
--	-------------------	---	-------------------

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: <u>John Roze</u> PROJECT REVIEWER	4/25/13 DATE	WV DEPARTMENT OF ENVIRONMENTAL PROTECTION <u>R. Brodeur</u> AUTHORIZED OFFICER	4/25/13 DATE
---	-----------------	--	-----------------



---

west virginia department of environmental protection

---

Division of Water and Waste Management  
601 57<sup>th</sup> Street SE  
Charleston, WV 25304  
Phone: (304) 926-0495  
Fax: (304) 926-0496

Earl Ray Tomblin, Governor  
Randy C. Huffman, Cabinet Secretary  
dep.wv.gov

April 25, 2013

Honorable Reba J. Honaker, Mayor  
City of Welch  
88 Howard Street  
Welch, WV 24801

RE: City of Welch  
SRF No. C-544375-01

Dear Mayor Honaker:

The first loan reimbursement request in the amount of \$202,213 has been approved by this office. The pre closing will be held on May 3, 2013, 1:00 p.m. at the Water Development Authority's office, 1009 Bullitt Street in Charleston. Funds in the amount of \$202,213 will be wired to your projects Construction Account at MCNB Banks in Welch WV, on May 6, 2013.

Enclosed is the approved RF-91 payment form that was processed by our office.

Should you have any questions please contact John Rogers at 304/926-0499 extension #1602 or [John.R.Rogers@wv.gov](mailto:John.R.Rogers@wv.gov).

Sincerely,

Rosalie Brodersen  
Management Section Manager  
Clean Water SRF Program

RB/jr

Enclosure

cc: Samme Gee, Jackson & Kelley  
Sheila Miller, WDA  
Region I P & D Council

State of West Virginia  
**WATER DEVELOPMENT AUTHORITY**  
 180 Association Drive, Charleston, WV 25311-1217  
 (304) 558-3612 - (304) 558-0299 (Fax)  
 Internet: www.wvwda.org - Email: contact@wvwda.org

Date 5/3/13 Time 1:15 LGA City of Welch Program CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
<u>Heila Miller</u>	<u>WDA</u>	<u>304-414-6500</u>	<u>304-414-0865</u>	<u>smiller@wvwda.org</u>
<u>Samme Lee</u>	<u>Jackson Kelly LLC</u>	<u>304-340-1318</u>	<u>304-340-1272</u>	<u>sgree@jacksonkelly.com</u>
<u>John Rogers</u>	<u>WVDEP</u>	<u>304-926-0499 X1602</u>	<u>304-926-0496</u>	<u>John.R.Rogers@wv.gov</u>
<u>John Stump</u>	<u>Stephens Johnson LLC</u>	<u>304.353.8196</u>	<u>304.353.8181</u>	<u>john.stump@stephens-johnson.com</u>

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Robin Lee Telephone 304.436.3113 E-Mail \_\_\_\_\_  
 Address 88 Howard St., Welch, WV 24801

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.



---

west virginia department of environmental protection

---

Division of Water and Waste Management  
601 57<sup>th</sup> Street S.E.  
Charleston, WV 25304  
Phone: (304) 926-0495  
Fax: (304) 926-0496

Earl Ray Tomblin, Governor  
Randy C. Huffman, Cabinet Secretary  
dep.wv.gov

August 2, 2012

Honorable Reba J. Honaker  
Mayor, City of Welch  
88 Howard Street  
Welch, WV 21801

RE: City of Welch  
Sewer Separation Project  
Contract 8B and 8C  
SRF No. C-544375

Dear Mayor Honaker:

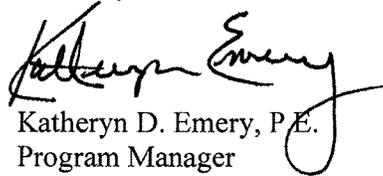
The plans and specifications for the above referenced project are hereby approved.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letter from this agency as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids to include the current State and Federal Labor Wage Determinations. This and all addenda and revisions to the contract documents must be electronically submitted to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If you have any questions, please don't hesitate to call Elbert Morton, P.E., of my staff at (304) 926-0499, ext. 1589.

Sincerely,

  
Katheryn D. Emery, P.E.  
Program Manager  
Clean Water SRF Program

KE/em

cc: Stafford Consultants Inc.

Promoting a healthy environment.



---

west virginia department of environmental protection

---

Division of Water and Waste Management  
601 57<sup>th</sup> Street S.E.  
Charleston, WV 25304  
Phone: (304) 926-0495  
Fax: (304) 926-0496

Earl Ray Tomblin, Governor  
Randy C. Huffman, Cabinet Secretary  
dep.wv.gov

March 21, 2013

Honorable Reba J. Honaker  
Mayor, City of Welch  
88 Howard Street  
Welch, WV 21801

RE: City of Welch  
Sewer Separation Project  
Contract 8B, 8C and 8D  
SRF No. C-544375

Dear Mayor Honaker:

The Facilities Plan Supplement (Contract 8D) for the above referenced wastewater treatment facilities improvement project is approved contingent on the following:

1. That the City of Welch continues its public participation program to inform prospective users of the expected costs and rates.

If you have any questions, please don't hesitate to call Elbert Morton, P.E., of my staff, at (304) 926-0499, ext. 1589.

Sincerely,

Jefferson E. Brady, P.E.  
Engineering Section Manager  
Clean Water SRF Program

JEB/em

cc: Stafford Consultants Inc.

### OWR Permit Details

(1)OWR Permit	
PERMITTEE	WELCH CITY OF
DEP OFFICE	OWR
PERMIT ID	WW0024589
ISSUE/REISSUE DATE	01/29/13
EXPIRATION DATE	01/28/18
FACILITY NAME	WELCH CITY OF
DESCRIPTION	
No. of CUSTOMERS	1348
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	1.120000
AVERAGE FLOW(MGD)	
MAJOR FACILITY	Y
EXTENSION DATE	
(1) County / Quad	
County: McDowell	Quad: WELCH
(37) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
C010	Combined Sewer Overflow
C009	Combined Sewer Overflow
C008	Combined Sewer Overflow
C007	Combined Sewer Overflow
C006	Combined Sewer Overflow
C005	Combined Sewer Overflow
C004	Combined Sewer Overflow
C003	Combined Sewer Overflow
C029	Combined Sewer Overflow
C028	Combined Sewer Overflow
C027	Combined Sewer Overflow
C011	Combined Sewer Overflow
C012	Combined Sewer Overflow
C013	Combined Sewer Overflow
C014	Combined Sewer Overflow
C015	Combined Sewer Overflow
C016	Combined Sewer Overflow

C017	Combined Sewer Overflow	
C018	Combined Sewer Overflow	
C020	Combined Sewer Overflow	
C002	Combined Sewer Overflow	
C021	Combined Sewer Overflow	
C023	Combined Sewer Overflow	
C024	Combined Sewer Overflow	
C025	Combined Sewer Overflow	
C026	Combined Sewer Overflow	
ENTIRE	Entire Default	
IU04	Industrial Users(Pretreatment)	
IU03	Industrial Users(Pretreatment)	
IU05	Industrial Users(Pretreatment)	
IU02	Industrial Users(Pretreatment)	
IU01	Industrial Users(Pretreatment)	
IU06	Industrial Users(Pretreatment)	
031	Outlet	
001	Outlet	
030	Outlet	
S01	Sludge	
<b>(37) Permit Geography</b>		
INSPECTABLE UNIT CODE:	001	<a href="#"><b>Show Map</b></a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	030	<a href="#"><b>Show Map</b></a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'56.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	031	<a href="#"><b>Show Map</b></a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'58.0000"	
COUNTY:	McDowell	

INSPECTABLE UNIT CODE:	C002	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'46.0000"	
LONGITUDE:	81° 35'55.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C003	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'49.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C004	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'22.0000"	
LONGITUDE:	81° 35'26.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C005	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'7.0000"	
LONGITUDE:	81° 35'11.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C006	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'57.0000"	
LONGITUDE:	81° 35'10.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C007	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'27.0000"	
LONGITUDE:	81° 35'8.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C008	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:		

	37° 26'25.0000"	
LONGITUDE:	81° 35'10.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C009	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'17.0000"	
LONGITUDE:	81° 35'19.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C010	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'11.0000"	
LONGITUDE:	81° 35'25.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C011	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'5.0000"	
LONGITUDE:	81° 35'26.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C012	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 24'58.0000"	
LONGITUDE:	81° 35'24.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C013	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 24'50.0000"	
LONGITUDE:	81° 35'9.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C014	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 24'48.0000"	
LONGITUDE:	81° 35'3.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:		

	C015	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 24'47.0000"	
LONGITUDE:	81° 34'56.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C016	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'18.0000"	
LONGITUDE:	81° 35'22.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C017	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'20.0000"	
LONGITUDE:	81° 34'37.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C018	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'54.0000"	
LONGITUDE:	81° 33'48.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C020	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'50.0000"	
LONGITUDE:	81° 35'9.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C021	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'54.0000"	
LONGITUDE:	81° 35'2.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C023	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:		

	37° 26'3.0000"	
LONGITUDE:	81° 34'56.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C024	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'7.0000"	
LONGITUDE:	81° 34'54.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C025	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'9.0000"	
LONGITUDE:	81° 34'51.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C026	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'8.0000"	
LONGITUDE:	81° 34'46.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C027	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'7.0000"	
LONGITUDE:	81° 34'40.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C028	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'5.0000"	
LONGITUDE:	81° 34'33.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	C029	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 25'56.0000"	
LONGITUDE:	81° 34'25.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:		

	ENTIRE	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'46.0000"	
LONGITUDE:	81° 35'55.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	IU01	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	IU02	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	IU03	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	IU04	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	IU05	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	IU06	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:		

	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
INSPECTABLE UNIT CODE:	S01	<a href="#">Show Map</a>
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 26'50.0000"	
LONGITUDE:	81° 35'57.0000"	
COUNTY:	McDowell	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Elkhorn Creek	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Tug Fork Direct Drains	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Elkhorn Creek	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Elkhorn Creek	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Elkhorn Creek	
USWRC WATERSHED:	Tug Fork River	
SCS WATERSHED:	Elkhorn Creek	
USWRC WATERSHED:		



	Tug Fork Direct Drains
USWRC WATERSHED:	Tug Fork River
SCS WATERSHED:	Tug Fork Direct Drains
USWRC WATERSHED:	Tug Fork River
SCS WATERSHED:	Tug Fork Direct Drains

## SWEEP RESOLUTION

**WHEREAS**, the City of Welch (the "Issuer") is a governmental body and political subdivision of West Virginia;

**WHEREAS**, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

**WHEREAS**, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

**WHEREAS**, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

**WHEREAS**, Pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

**WHEREAS**, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

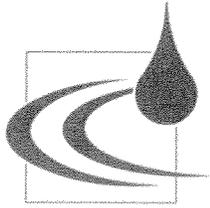
### **NOW THEREFORE BE IT RESOLVED AS FOLLOWS:**

- 1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Mayor and the Clerk are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 24th day of April, 2013.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Clerk



WEST VIRGINIA

**Water Development Authority**

*Celebrating 37 Years of Service 1974 - 2013*

May 6, 2013

CITY OF WELCH

Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Griffith & Associates, PLLC, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "WDA"), the Registered Owner of the Series 2008 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the aggregate principal amount of \$4,044,246 (the "Series 2013 A Bonds") by the City of Welch (the "Issuer"), under the terms of the Ordinance authorizing the Series 2013 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Outstanding Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated May 6, 2008, issued in the original aggregate principal amount of \$2,000,000 (the "Series 2008 A Bonds").

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
\_\_\_\_\_  
Authorized Representative



Rural Development

West Virginia State  
Office

1550 Earl Core Road,  
Suite 101  
Morgantown, WV  
26505

Voice 304.284.4860  
1.800.295.8228  
Fax 304.284.4893

May 6, 2013

City of Welch  
Sewer Revenue Bonds, Series 2013 A  
(West Virginia SRF Program)

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 Series 1996 Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the original aggregate principal amount of \$4,044,246 (the "Bonds"), by the City of Welch (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 Sewer Revenue Bonds, Series 1996, dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1996 Bonds").

WITNESSETH my signature on this 6th day of May, 2013.

State Director

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

CITY OF WELCH

Sewer Revenue Bond, Series 1996  
and  
Sewerage System Interim Construction Financing

**BOND AND NOTES ORDINANCE**

Table of Contents

<u>Subject</u>		<u>Page</u>
<b>ARTICLE I</b>		
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>		
Section 1.01	Authority for This Ordinance	1
Section 1.02	Findings and Determinations	1
Section 1.03	Ordinance Constitutes Contract	4
Section 1.04	Definitions	4
<b>ARTICLE II</b>		
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>		
Section 2.01	Authorization of Acquisition and Construction of the Project	10
<b>ARTICLE III</b>		
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND</b>		
Section 3.01	Authorization of Bond	11
Section 3.02	Description of Bond	11
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	11
Section 3.04	Bond Registrar	11
Section 3.05	Execution of Bond	12
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	12

Section 3.07	Bond Secured by Pledge of Net Revenues	12
Section 3.08	Form of Bond	13
	FORM OF BOND	14

#### ARTICLE IV INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	20
Section 4.02	Terms of and Security for Notes	20
Section 4.03	Notes are Special Obligations	20
Section 4.04	Letters of Credit	20

#### ARTICLE V SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01	Establishment of Funds and Accounts with Depository Bank	21
Section 5.02	Bond Proceeds; Project Construction Account	21
Section 5.03	Covenants of the Issuer as to Revenues and Funds	22

#### ARTICLE VI GENERAL COVENANTS

Section 6.01	General Statement	26
Section 6.02	Rates	26
Section 6.03	Sale of the System	26
Section 6.04	Issuance of Additional Parity Bonds or Obligations	26
Section 6.05	Insurance and Bonds	26
Section 6.06	Statutory Mortgage Lien	28
Section 6.07	Events of Default	28
Section 6.08	Enforcement	29
Section 6.09	Fiscal Year; Budget	29
Section 6.10	Covenant to Proceed and Complete	30
Section 6.11	Books and Records; Audits	30
Section 6.12	Maintenance of System	30
Section 6.13	No Competition	30
Section 6.14	Mandatory Connections	30

#### ARTICLE VII RATES, ETC.

Section 7.01	Initial Schedule of Rates and Charges; Rules	32
--------------	--	----

**ARTICLE VIII  
MISCELLANEOUS**

Section 8.01	Payment of Bond	33
Section 8.02	Modification or Amendment	33
Section 8.03	Delivery of Bond	33
Section 8.04	Severability of Invalid Provisions	33
Section 8.05	Conflicting Provisions Repealed	33
Section 8.06	Table of Contents and Headings	33
Section 8.07	Covenant of Due Procedure, Etc.	33
Section 8.08	Effective Time	34
Section 8.09	Statutory Notice and Public Hearing	34
	SIGNATURES	34
	CERTIFICATION	35

CITY OF WELCH

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF WELCH AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$2,900,000 IN PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 1996; AND NOT MORE THAN \$5,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE OF, AND DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BOND AND THE HOLDERS OF THE NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF WELCH:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is adopted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The City of Welch (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in McDowell County of said State.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public sewerage collection system, but desires to acquire, construct and operate sewerage facilities, and additions, extensions and improvements thereto. The inhabitants of the Issuer and surrounding area urgently require that certain sewerage facilities be acquired and constructed as herein provided. The Sanitary Board of the Issuer has duly petitioned the Council for passage of this Ordinance, which petition was heretofore filed with the City Clerk.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain sewerage facilities of the Issuer, consisting of a new wastewater treatment plant and replacing existing sewer interceptor lines, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the City Clerk of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System (hereinafter defined) after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bond (hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$13,552,480, of which \$2,900,000 will be obtained from the proceeds of sale of the Bond herein authorized, approximately \$1,373,000 from a grant by the Purchaser (hereinafter defined), approximately \$1,384,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), approximately \$5,429,480 from a grant by the United States Environmental Protection Agency, approximately \$776,982 from a grant by the Appalachian Regional Commission, approximately \$1,339,018 from a grant from the West Virginia Solid Waste Tipping Fee Fund, and approximately \$350,000 from funds of the Issuer.

E. It is necessary for the Issuer to issue its sewer revenue bond in the aggregate principal amount of \$2,900,000 (the "Bond"), to finance a portion of the cost of acquisition and construction of the Project. It is also deemed necessary for the Issuer (at its option) to issue its sewerage system bond anticipation notes prior to issuance of the Bond, or to issue, contemporaneously therewith or as soon as practicable thereafter, its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than \$5,000,000, to temporarily finance a portion of the cost of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the

Project; the cost of all property rights, easements, franchises and equipment deemed necessary or convenient therefor; interest upon the Notes during the term thereof and on the Bond prior to and during acquisition and construction and for a period not exceeding six months after completion of such acquisition or construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees, or other costs in connection with the sale of the Notes, and such other expenses as may be necessary or incidental to the financing authorized hereby and the acquisition and construction of the Project and the placing of the Project in operation, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs for obtaining insurance thereon; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bond or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed costs of the Project.

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

G. There are no outstanding bonds, obligations or other indebtedness of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and/or source of and security for payment.

The grant anticipation notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such grant anticipation notes and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such grant anticipation notes. The bond anticipation notes, if issued, will be payable from the proceeds of the Bond, certain proceeds of such bond anticipation notes and the Surplus Revenues, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such bond anticipation notes.

H. It is in the best interest of the Issuer that the Bond be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated March 9, 1995, together with all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond and the Notes, or will have so complied prior to issuance of the Bond and the Notes, including, among other things and without limitation, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The rates, charges and

rules provided in Article VI hereof are in full force and effect and have not been changed by the Public Service Commission.

J. - The Project has been reviewed 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, and the Council has approved the project and the financing thereof as reflected in this Ordinance.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Bond and the Notes by those who shall be the Registered Owners of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of the Bond and any and all such Notes.

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

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

"Bond" or "Bonds" means the Sewer Revenue Bond, Series 1996, authorized hereby to be issued pursuant to this Bond Legislation.

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

"Bond Registrar" means the Issuer, which shall usually so act by its City Clerk.

"City Clerk" means the City Clerk of the Issuer.

"Consulting Engineer" means Stafford Consultants, Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means McDowell County National Bank in Welch, Welch, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "sewer facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions,

betterments, improvements and extensions thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Council" means the Council of the Issuer.

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

"Grant Agreement" means a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"Grant Receipts" means the proceeds of any grant or grants which may be awarded to the Issuer for aid in the design, acquisition or construction of the Project.

"Grants" means, collectively, all moneys received by the Issuer on account of any Grant for the Project.

"Herein" or "hereto" means in this Bond Legislation.

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Issuer," "Borrower" or "City" means the City of Welch, a municipal corporation and political subdivision of the State of West Virginia, in McDowell County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 9, 1995, and any other amendments thereto.

"Mayor" means the Mayor of the Issuer.

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

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

"Notes" means, collectively, the not more than \$5,000,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Fund have been made to the last monthly date prior to the date of such retention.

"Paying Agent" means the entity designated as such for the Notes in the Indenture or in the Supplemental Resolution of the Issuer.

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

"Purchaser" or "Government" means the United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

- (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 (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be

replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; 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 or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

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

"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 or resolutions authorizing the sale of any or all of the Notes or the sale of the Bond, as the case may be; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Bond, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held for the payment of debt service and security for the Bond or any other obligations of the Issuer, including, without limitation, the Reserve Fund and the Depreciation Fund.

"System" means the Project initially, and includes the complete sewerage system of the Issuer and all sewerage 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 sewerage system, and shall also include any and all additions, betterments, improvements and extensions, properties or other facilities at any time acquired or constructed for the sewerage system of the Issuer.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

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 \$13,552,480, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

The cost of the Project is estimated not to exceed \$13,552,480, of which approximately \$2,900,000 will be obtained from the proceeds of sale of the Bond herein authorized, approximately \$1,373,000 from a grant by the Purchaser, approximately \$1,384,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), approximately \$5,429,480 from a grant by the United States Environmental Protection Agency, approximately \$776,982 from a grant by the Appalachian Regional Commission, approximately \$1,339,018 from a grant from the West Virginia Solid Waste Tipping Fee Fund, and approximately \$350,000 from funds of the Issuer.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1996," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$2,900,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project. Such Bond shall be issued contemporaneously with or prior to issuance of the grant anticipation notes, if any.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Bond shall bear interest from date of delivery, payable monthly at the rate of 4.875% per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Bond Registrar shall, under such

reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Bond Registrar shall accept the Bond 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 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond 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 Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bond and to make the payments

as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.08.      Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any ordinance enacted or any resolution adopted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF BOND)

CITY OF WELCH

SEWER REVENUE BOND, SERIES 1996

\$2,900,000

No. R-1

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

FOR VALUE RECEIVED, the CITY OF WELCH (herein called "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 TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000), plus interest on the unpaid principal balance at the rate of 4.875% 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 the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$14,007, 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 is issued to permanently finance a portion of the costs of acquisition and construction of new sewerage facilities of the Borrower (the "Project"), and this Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, betterments and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

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 said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the hereinafter defined 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Ordinance of the Borrower duly adopted and enacted authorizing issuance of this Bond (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 Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the CITY OF WELCH has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, all as of the date hereinabove written.

CITY OF WELCH

[CORPORATE SEAL]

\_\_\_\_\_  
Mayor

88 Howard Street  
Welch, West Virginia 24801

ATTEST:

\_\_\_\_\_  
City Clerk

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	

(Form of Assignment)

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:

\_\_\_\_\_

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain costs of the Project pending receipt of the Grant Receipts or proceeds of the Bond, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$5,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more Supplemental Resolutions. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or the Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or one or more Supplemental Resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bond or the Surplus Revenues (if issued in the form of bond anticipation notes) or the Grant Receipts, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or Supplemental Resolution or Resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$5,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a Supplemental Resolution.

## ARTICLE V

### SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with, and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Reserve Fund;
- (3) Depreciation Fund; and
- (4) Project Construction Account.

Section 5.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account 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 additionally transfer from the Project Construction Account 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 5.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the

Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 5.03. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the Holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided herein.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(i) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond (or such other place as may be designated pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (or other place provided) as the same

shall become due, or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund, all earnings of investments of moneys therein shall be at least annually transferred to and deposited in the Revenue Fund and used for prepayment of the principal of the Bond.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Fund the aggregate sum of \$677,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(v) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein, if any, may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Fund as herein provided, and all amounts required for the Reserve Fund and the Depreciation Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Reserve Fund and the Depreciation Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Except as otherwise provided herein, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings on moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent 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.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 1,211 bona fide users upon the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State.

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

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

## ARTICLE VI

### GENERAL COVENANTS

Section 6.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Bond.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture.

Section 6.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Gross Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Gross Revenues for such purposes.

Section 6.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser and/or Noteholders so long as the Bond or Notes are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 6.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser and Noteholders.

Section 6.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond and Notes remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

C. VEHICULAR PUBLIC LIABILITY INSURANCE, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE ISSUER ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' Compensation coverage will be maintained as provided by law.

E. FLOOD INSURANCE to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

F. 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 an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer of the Issuer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

G. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond 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.

Section 6.06. Statutory Mortgage Lien. For the further protection of the Holders of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 6.07. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bond:

(1) Failure to make payment of any monthly amortization installment on the Bond at the date specified for payment thereof;

(2) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

B. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any Supplemental Resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

Section 6.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Registered Owner of a Note or Bond, as the case may be, may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by any Registered Owner of a Note or Bond, as the case may be, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 6.09. Fiscal Year; Budget. While the Bond and Notes are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser and Noteholders by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser and Noteholders.

Section 6.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the City Clerk on the date of adoption hereof, subject to permitted changes.

Section 6.11. Books and Records; Audits. 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 the Purchaser and Noteholders shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser and Noteholders. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 6.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 6.13. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 6.14. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the West Virginia Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the West Virginia Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant

or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

ARTICLE VII

RATES, ETC.

Section 7.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the rate ordinance of the Issuer enacted on May 8, 1995, which rate ordinance is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01.      Payment of Bond. If the Issuer shall pay, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Holder of the Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 8.02.      Modification or Amendment. Prior to issuance of the Bond or the Notes, this Ordinance may be amended or supplemented in any way by ordinance or resolution. Following issuance of the Bond or the Notes, no modification or amendment of this Ordinance, or of any ordinance or resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser or the Holder of the Notes.

Section 8.03.      Delivery of Bond. The Mayor is hereby authorized and directed to cause the Bond, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 8.04.      Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof, the Bond or the Notes.

Section 8.05.      Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 8.06.      Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 8.07.      Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed

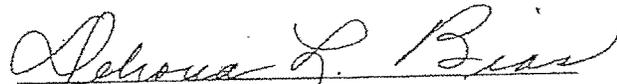
or to be taken precedent to and in the adoption and enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto;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

Section 8.08.      Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 8.09.      Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Council 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 14 consecutive days, with at least 6 full days intervening between each publication, in the Welch Daily News, a qualified newspaper published and of general circulation in the City of Welch, together with a notice stating that this Ordinance has been adopted, that the Issuer contemplates the issuance of the Bond and Notes, that any person interested may appear before the Council upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice and not prior to the last date of such publication, and present protests, and that a certified copy of the Ordinance is on file in the office of the City Clerk of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading :	April 29, 1996.
Passed on Second Reading:	May 6, 1996.
Passed on Final Reading	
Following Public Hearing	
and Effective:	May 20, 1996.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF WELCH on the 20th day of May, 1996, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the City of Welch on this 25th day of June, 1996.

[SEAL]

  
*Shirley L. Bias*  
City Clerk

06/13/96  
WELCHAG.A6  
950640/85001

(SPECIMEN BOND)

CITY OF WELCH

SEWER REVENUE BOND, SERIES 1996

\$2,900,000

No. R-1

Date: June 25, 1996

FOR VALUE RECEIVED, the CITY OF WELCH (herein called "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 TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000), plus interest on the unpaid principal balance at the rate of 4.875% 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 the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$14,007, 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 is issued to permanently finance a portion of the costs of acquisition and construction of new sewerage facilities of the Borrower (the "Project"), and this Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, betterments and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

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 said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the hereinafter defined 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Ordinance of the Borrower duly adopted and enacted authorizing issuance of this Bond (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 Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the CITY OF WELCH has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, all as of the date hereinabove written.

CITY OF WELCH

[CORPORATE SEAL]

\_\_\_\_\_  
Mayor

88 Howard Street  
Welch, West Virginia 24801

ATTEST:

\_\_\_\_\_  
City Clerk

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	

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:

\_\_\_\_\_

**CITY OF WELCH  
SEWER REVENUE BONDS, SERIES 2008 A  
(WEST VIRGINIA SRF PROGRAM)**

**BOND ORDINANCE**

**Table of Contents**

**ARTICLE I  
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01	Authority for this Ordinance
Section 1.02	Findings
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

**ARTICLE II  
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION  
OF THE PROJECT**

Section 2.01	Authorization of Acquisition and Construction of the Project
--------------	--

**ARTICLE III  
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND  
SALE OF BONDS; AUTHORIZATION AND EXECUTION  
OF BOND PURCHASE AGREEMENT**

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds
Section 3.09	Delivery of Bonds

- Section 3.10 Form of Bonds  
FORM OF BOND
- Section 3.11 Sale of Bonds; Approval and Ratification of  
Execution of Bond Purchase Agreement
- Section 3.12 "Amended Schedule" Filing

**ARTICLE IV  
[RESERVED]**

**ARTICLE V  
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF**

- Section 5.01 Establishment of Funds and Accounts with  
Depository Bank
- Section 5.02 Establishment of Funds and Accounts with Commission
- Section 5.03 System Revenues; Flow of Funds

**ARTICLE VI  
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

- Section 6.01 Application of Bond Proceeds; Pledge of  
Unexpended Bond Proceeds
- Section 6.02 Disbursements From the Series 2008 A Bond  
Construction Trust Fund

**ARTICLE VII  
ADDITIONAL COVENANTS OF THE ISSUER**

- Section 7.01 General Covenants of the Issuer
- Section 7.02 Bonds not to be Indebtedness of the Issuer
- Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien  
Positions with Respect to Prior Bonds
- Section 7.04 Rates and Charges
- Section 7.05 Sale of the System
- Section 7.06 Issuance of Other Obligations Payable Out of  
Revenues and General Covenant Against  
Encumbrances
- Section 7.07 Parity Bonds
- Section 7.08 Books; Records and Audit
- Section 7.09 Rates
- Section 7.10 Operating Budget and Monthly Financial Report
- Section 7.11 Engineering Services and Operating Personnel
- Section 7.12 No Competing Franchise

Section 7.13	Enforcement of Collections
Section 7.14	No Free Services
Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Connections
Section 7.17	Completion and Operation of Project Permits and Orders
Section 7.18	Compliance with Bond Purchase Agreement and Law
Section 7.19	Reserved
Section 7.20	Securities Law Compliance
Section 7.21	Contracts; Public Releases
Section 7.22	Statutory Mortgage Lien

## **ARTICLE VIII INVESTMENT OF FUNDS**

Section 8.01	Investments
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

## **ARTICLE IX DEFAULT AND REMEDIES**

Section 9.01	Events of Default
Section 9.02	Remedies
Section 9.03	Appointment of Receiver

## **ARTICLE X PAYMENT OF BONDS**

Section 10.01	Payment of Bonds
---------------	------------------

## **ARTICLE XI MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation
Section 11.02	Bond Legislation Constitutes Contract
Section 11.03	Severability of Invalid Provisions
Section 11.04	Headings, Etc.
Section 11.05	Conflicting Provisions Repealed
Section 11.06	Covenant of Due Procedure, Etc.

Section 11.07      Effective Date  
Section 11.08      Statutory Notice and Public Hearing  
SIGNATURES  
CERTIFICATION  
EXHIBIT A

CITY OF WELCH

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF WELCH AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF 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 BOND PURCHASE 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 CITY OF WELCH:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of replacement of approximately 685 feet of 16 inch gravity sewer, 4,667 feet of 12 inch gravity sewer, 78 feet of 8 inch gravity sewer and construction of new collection lines consisting of approximately 3,305 feet of 12 inch gravity sewer, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), in the total aggregate principal amount of not more than \$3,000,000 (the "Series 2008 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2008 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 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 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bond, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1996 Bonds" or the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Series 1996 Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests, if any, of the Series 1996 Bonds are met; and (ii) the written consent of the Holders of the Series 1996 Bonds to the issuance of the Series 2008 A Bonds on a parity with the Series 1996. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinance.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, 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 2008 A Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2008 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A 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 DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, the

form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"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 2008 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

"Depreciation Fund" means the Depreciation Fund established by Prior Ordinance.

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

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

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

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

"Grant" means any and all grants received by the Issuer for the payment of a portion of the costs of acquiring and constructing 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.

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account.

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

"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 SRF 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 or Prior Bonds and as of any particular date, describes all Bonds and Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or the 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 in accordance with the resolution authorizing the issuance thereof; 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 Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2008 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Issuer's Sewer Revenue Bond, Series 1996 (United States Department of Agriculture), dated June 25, 1996, issued in the original aggregate principal amount of \$2,900,000.

"Prior Ordinance" means, the ordinance of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of

FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 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 created by hereby.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2008 A Bonds which is to be one year's annual debt service amount.

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

"Series 1996 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1996 (United States Department of Agriculture), dated June 25, 1996; issued in the original aggregate principal amount of \$2,900,000.

"Series 2008 A Bonds" means Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 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 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2008 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Bond Purchase Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Ordinance to be included in the

Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF 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 \$3,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A 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, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed \$3,323,810, of which approximately \$3,000,000 will be obtained from proceeds of the Series 2008 A Bonds, and approximately \$323,810 will be obtained from the proceeds of a United States Environmental Protection Agency Grant.

### ARTICLE III

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

Section 3.01.      Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, funding a reserve account for the Series 2008 A 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 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program)", in the principal amount of not more than \$3,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Series 2008 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02.      Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2008 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 2008 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 2008 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2008 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, if any, as of the date specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2008 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 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 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 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 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 2008 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 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2008 A Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly

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

In all cases in which the privilege of exchanging Series 2008 A Bonds or transferring the registered Series 2008 A Bonds are exercised, all Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 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 2008 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2008 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2008 A Bonds or, in the case of any proposed redemption of Series 2008 A 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 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the 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 2008 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 Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues: Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2008 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived

from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 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 2008 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 2008 A Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Bond Purchase Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF WELCH  
SEWER REVENUE BOND,  
SERIES 2008 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: The \_\_\_ day of \_\_\_\_\_, 2008, that the CITY OF WELCH, a municipal corporation and political subdivision of the State of West Virginia in McDowell 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 \_\_\_\_\_ 1,200 \_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_, 20 \_\_\_\_, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the

Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2008, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2008 (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 SEWER REVENUE BOND, SERIES 1996, DATED JUNE 25, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000 (THE "SERIES 1996 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1996 Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A 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 or junior to 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 (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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.

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.

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

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

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, THE CITY OF WELCH 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

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: \_\_\_\_\_, 2008.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds: Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase 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 Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

## ARTICLE V

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

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

- (1) Revenue Fund (established by the Prior Ordinance);
- (2) Reserve Fund (established by the Prior Ordinance for the Series 1996 Bonds);
- (3) Renewal and Replacement Fund (established by Prior Ordinance as Depreciation Fund and hereby renamed and continued); and
- (4) Series 2008 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 and the Issuer and from each other:

- (1) Series 2008 A Bonds Sinking Fund; and
- (2) Series 2008 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and 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 and in the Prior Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

- (1) The Issuer shall first, each month, pay from the monies in the Revenue Fund the amount necessary and sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office, the amount required by the Prior Ordinance to pay interest on the Series 1996 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office, the amount required by the Prior Ordinance to pay the principal of the Series 1996 Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, remit to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Depository Bank for deposit in the Reserve Fund, the amount required by the Prior Ordinance; and (ii) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 2008 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the

Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall come due, when other monies in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 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 2008 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2008 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of the Series 2008 A Bonds Reserve Account to below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund or into the Series 2008 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1996 Bonds and the Series 2008 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 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund, including the Series 2008 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds 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), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2008 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. 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 SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase 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.

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 and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority 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 sum insured by 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 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 relevant provisions of the Prior Ordinance, and the Net 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 and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2008 A Bonds 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 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the 2008 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 expended, are hereby pledged as additional security for the Series 2008 A Bonds.

D. 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 2008 A Bonds shall be expended as approved by the DEP.

Section 6.02.      Disbursements From the Series 2008 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2008 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase 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 Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008 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 2008 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 2008 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 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 any Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1996 Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2008 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted December 4, 2006, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2008 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 Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase 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 required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

in accordance with the laws of the State. The proceeds of any such sale shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds for prepayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders 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 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 2008 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 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 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall

be issued after the issuance of the Series 2008 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall 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 Bond Legislation then Outstanding;  
and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the 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, 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 shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net 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 lien of the Series 2008 A 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 2008 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation 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 the Parity Bonds, and the Issuer 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 Authority and the DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance 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 Governing Body. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) 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 2008 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of 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 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2008 A Bonds, including the Prior 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 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 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 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 DEP and the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 Authority and the DEP and 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 DEP, the Authority and 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 two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority 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 Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due,

shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15.      Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 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 Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the 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 has obtained all approvals for the issuance of the Series 2008 A Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18.      Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19.      Reserved.

Section 7.20.      Securities 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.      Contracts: Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2008 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 DEP before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or Project underruns.

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

Section 7.22.      Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 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 2008 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

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, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2008 A 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 2008 A Bonds as a condition to issuance of the Series 2008 A 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 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A 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 2008 A 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, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2008 A 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, the West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2008 A 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 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds;  
or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 9.02.      Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner 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 2008 A Bonds shall be on a parity with the Holders of the Series 1996 Bonds.

Section 9.03.      Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under

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

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

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

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

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

Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2008 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 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 2008 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, 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 respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2008 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 exclusion of interest, if any, on the Series 2008 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 Series 2008 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2008 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. Except for the Prior Ordinance, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided

that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. 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.

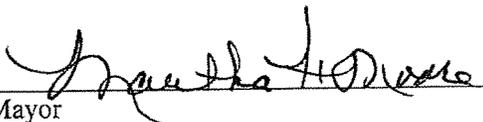
Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

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 Welch News*, a newspaper published and of general circulation in the City of Welch, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2008 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: - January 15, 2008

Passed on Second Reading: - January 22, 2008

Passed on Final Reading  
Following Public  
Hearing: - March 3, 2008

  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of Welch on the 3rd day of March, 2008.

Dated: May 6, 2008



*Rollin G. Lee*

Recorder

04.15.08  
950640.00002

CITY OF WELCH

Sewer Revenue Bonds, Series 2008 A  
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF WELCH; APPROVING AND RATIFYING THE BOND PURCHASE 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 City council (the "Governing Body") of the City of Welch (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective March 3, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF WELCH AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF 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 BOND

PURCHASE 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 the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) in an aggregate principal amount not to exceed \$3,000,000;

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a bond purchase agreement relating to the Series 2008 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2, of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Bond Purchase Agreement and the exact principal amount, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2008 A Bonds should be established by a supplemental resolution pertaining to the Series 2008 A Bonds; and that other matters relating to the Series 2008 A Bonds be herein provided for;

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

WHEREAS, the Series 2008 A Bonds are proposed to be purchased by the Authority pursuant to a Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2008 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2008 A Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WELCH:

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:

Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of \$2,000,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2048, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to and including March 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement for the Series 2008 A Bonds and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement for the Series 2008 A Bonds, so long as the Authority shall be the registered owner of the Series 2008 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2008 A Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Series 2008 Bonds and the text of each series of the Series 2008 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, copies of which are incorporated herein by reference, and the execution and delivery of the Bond Purchase 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 Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Series 2008 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2008 A 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 2008 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 2008 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 2008 A Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate MCNB Bank and Trust Company, Welch, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2008 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 A Bonds proceeds in the amount of \$52,632 shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2008 A Bonds shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2008 A Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2008 A Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2008 A Bonds may be delivered on or about May 6, 2008, to the Authority pursuant to the Bond Purchase Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2008 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 12. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Series 2008 A Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

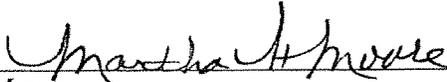
Section 14. Sixty days prior to the date of the first monthly payment to the Municipal Bond Commission, the Governmental Agency shall provide the Authority and the DEP with a written report stating the date on which the Project received a Certificate of

Completion from the Consulting Engineers, the date on which the new rates became effective, the date on which the Governmental Agency began or will begin billing the new rates and the date when the Governmental Agency anticipates receiving revenues from the rate increase. If on the sixtieth day preceding the first monthly payment to the Municipal Bond Commission the Governmental Agency has not received a Certificate of Completion, it covenants and agrees to petition the PSC for approval to immediately implement the new rates.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 15th day of April, 2008.

  
\_\_\_\_\_  
Mayor

CERTIFICATION



Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Welch on the 15th day of April, 2008.

Dated: May 6, 2008.

*Robin G. Lee*  
Recorder

04.08.08  
950640.00002

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF WELCH  
SEWER REVENUE BOND, SERIES 2008 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$2,000,000

KNOW ALL MEN BY THESE PRESENTS: The 6th day of May, 2008, that the CITY OF WELCH, a municipal corporation and political subdivision of the State of West Virginia in McDowell 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 MILLION DOLLARS (\$2,000,000), 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 June 1, 2010, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated April 4, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project");(ii) to fund the Series 2008 A Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on March 3, 2008, and a Supplemental Resolution duly adopted by the Issuer on

April 15, 2008 (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 SEWER REVENUE BOND, SERIES 1996, DATED JUNE 25, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000 (THE "SERIES 1996 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1996 Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A 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 or junior to 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 (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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.

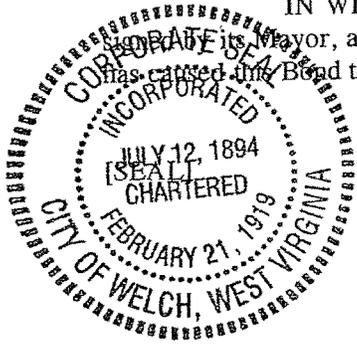
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, 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.

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

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

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, THE CITY OF WELCH 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 the Bond to be dated the day and year first written above.



*Maitha Johnson*  
\_\_\_\_\_  
Mayor

SPECIMEN

ATTEST:

*Robert G. Lee*  
\_\_\_\_\_  
Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: May 6, 2008.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

  
Authorized Officer

**SPECIMEN**

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$ 100,000	May 6, 2008	(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

**\$2,000,000**  
**City of Welch**  
**0% Interest Rate; 0.5% Administrative Fee**  
**Closing Date: May 6, 2008**

**Debt Service Schedule**

Part 1 of 4

Date	Principal	Coupon	Total P+I
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	13,158.00	-	13,158.00
09/01/2010	13,158.00	-	13,158.00
12/01/2010	13,158.00	-	13,158.00
03/01/2011	13,158.00	-	13,158.00
06/01/2011	13,158.00	-	13,158.00
09/01/2011	13,158.00	-	13,158.00
12/01/2011	13,158.00	-	13,158.00
03/01/2012	13,158.00	-	13,158.00
06/01/2012	13,158.00	-	13,158.00
09/01/2012	13,158.00	-	13,158.00
12/01/2012	13,158.00	-	13,158.00
03/01/2013	13,158.00	-	13,158.00
06/01/2013	13,158.00	-	13,158.00
09/01/2013	13,158.00	-	13,158.00
12/01/2013	13,158.00	-	13,158.00
03/01/2014	13,158.00	-	13,158.00
06/01/2014	13,158.00	-	13,158.00
09/01/2014	13,158.00	-	13,158.00
12/01/2014	13,158.00	-	13,158.00
03/01/2015	13,158.00	-	13,158.00
06/01/2015	13,158.00	-	13,158.00
09/01/2015	13,158.00	-	13,158.00
12/01/2015	13,158.00	-	13,158.00
03/01/2016	13,158.00	-	13,158.00
06/01/2016	13,158.00	-	13,158.00
09/01/2016	13,158.00	-	13,158.00
12/01/2016	13,158.00	-	13,158.00
03/01/2017	13,158.00	-	13,158.00
06/01/2017	13,158.00	-	13,158.00
09/01/2017	13,158.00	-	13,158.00
12/01/2017	13,158.00	-	13,158.00
03/01/2018	13,158.00	-	13,158.00
06/01/2018	13,158.00	-	13,158.00
09/01/2018	13,158.00	-	13,158.00
12/01/2018	13,158.00	-	13,158.00
03/01/2019	13,158.00	-	13,158.00

\$2,000,000

City of Welch

0% Interest Rate; 0.5% Administrative Fee

Closing Date: May 6, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
06/01/2019	13,158.00	-	13,158.00
09/01/2019	13,158.00	-	13,158.00
12/01/2019	13,158.00	-	13,158.00
03/01/2020	13,158.00	-	13,158.00
06/01/2020	13,158.00	-	13,158.00
09/01/2020	13,158.00	-	13,158.00
12/01/2020	13,158.00	-	13,158.00
03/01/2021	13,158.00	-	13,158.00
06/01/2021	13,158.00	-	13,158.00
09/01/2021	13,158.00	-	13,158.00
12/01/2021	13,158.00	-	13,158.00
03/01/2022	13,158.00	-	13,158.00
06/01/2022	13,158.00	-	13,158.00
09/01/2022	13,158.00	-	13,158.00
12/01/2022	13,158.00	-	13,158.00
03/01/2023	13,158.00	-	13,158.00
06/01/2023	13,158.00	-	13,158.00
09/01/2023	13,158.00	-	13,158.00
12/01/2023	13,158.00	-	13,158.00
03/01/2024	13,158.00	-	13,158.00
06/01/2024	13,158.00	-	13,158.00
09/01/2024	13,158.00	-	13,158.00
12/01/2024	13,158.00	-	13,158.00
03/01/2025	13,158.00	-	13,158.00
06/01/2025	13,158.00	-	13,158.00
09/01/2025	13,158.00	-	13,158.00
12/01/2025	13,158.00	-	13,158.00
03/01/2026	13,158.00	-	13,158.00
06/01/2026	13,158.00	-	13,158.00
09/01/2026	13,158.00	-	13,158.00
12/01/2026	13,158.00	-	13,158.00
03/01/2027	13,158.00	-	13,158.00
06/01/2027	13,158.00	-	13,158.00
09/01/2027	13,158.00	-	13,158.00
12/01/2027	13,158.00	-	13,158.00
03/01/2028	13,158.00	-	13,158.00
06/01/2028	13,158.00	-	13,158.00
09/01/2028	13,158.00	-	13,158.00
12/01/2028	13,158.00	-	13,158.00
03/01/2029	13,158.00	-	13,158.00
06/01/2029	13,158.00	-	13,158.00
09/01/2029	13,158.00	-	13,158.00
12/01/2029	13,158.00	-	13,158.00
03/01/2030	13,158.00	-	13,158.00

\$2,000,000

City of Welch

0% Interest Rate; 0.5% Administrative Fee

Closing Date: May 6, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
06/01/2030	13,158.00	-	13,158.00
09/01/2030	13,158.00	-	13,158.00
12/01/2030	13,158.00	-	13,158.00
03/01/2031	13,158.00	-	13,158.00
06/01/2031	13,158.00	-	13,158.00
09/01/2031	13,158.00	-	13,158.00
12/01/2031	13,158.00	-	13,158.00
03/01/2032	13,158.00	-	13,158.00
06/01/2032	13,158.00	-	13,158.00
09/01/2032	13,158.00	-	13,158.00
12/01/2032	13,158.00	-	13,158.00
03/01/2033	13,158.00	-	13,158.00
06/01/2033	13,158.00	-	13,158.00
09/01/2033	13,158.00	-	13,158.00
12/01/2033	13,158.00	-	13,158.00
03/01/2034	13,158.00	-	13,158.00
06/01/2034	13,158.00	-	13,158.00
09/01/2034	13,158.00	-	13,158.00
12/01/2034	13,158.00	-	13,158.00
03/01/2035	13,158.00	-	13,158.00
06/01/2035	13,158.00	-	13,158.00
09/01/2035	13,158.00	-	13,158.00
12/01/2035	13,158.00	-	13,158.00
03/01/2036	13,158.00	-	13,158.00
06/01/2036	13,158.00	-	13,158.00
09/01/2036	13,158.00	-	13,158.00
12/01/2036	13,158.00	-	13,158.00
03/01/2037	13,158.00	-	13,158.00
06/01/2037	13,158.00	-	13,158.00
09/01/2037	13,158.00	-	13,158.00
12/01/2037	13,158.00	-	13,158.00
03/01/2038	13,158.00	-	13,158.00
06/01/2038	13,158.00	-	13,158.00
09/01/2038	13,158.00	-	13,158.00
12/01/2038	13,158.00	-	13,158.00
03/01/2039	13,158.00	-	13,158.00
06/01/2039	13,158.00	-	13,158.00
09/01/2039	13,158.00	-	13,158.00
12/01/2039	13,158.00	-	13,158.00
03/01/2040	13,158.00	-	13,158.00
06/01/2040	13,158.00	-	13,158.00
09/01/2040	13,158.00	-	13,158.00
12/01/2040	13,158.00	-	13,158.00
03/01/2041	13,158.00	-	13,158.00

**\$2,000,000**  
**City of Welch**  
**0% Interest Rate; 0.5% Administrative Fee**  
**Closing Date: May 6, 2008**

**Debt Service Schedule**

Part 4 of 4

Date	Principal	Coupon	Total P+I
06/01/2041	13,158.00	-	13,158.00
09/01/2041	13,158.00	-	13,158.00
12/01/2041	13,158.00	-	13,158.00
03/01/2042	13,158.00	-	13,158.00
06/01/2042	13,158.00	-	13,158.00
09/01/2042	13,158.00	-	13,158.00
12/01/2042	13,158.00	-	13,158.00
03/01/2043	13,158.00	-	13,158.00
06/01/2043	13,158.00	-	13,158.00
09/01/2043	13,158.00	-	13,158.00
12/01/2043	13,158.00	-	13,158.00
03/01/2044	13,158.00	-	13,158.00
06/01/2044	13,157.00	-	13,157.00
09/01/2044	13,157.00	-	13,157.00
12/01/2044	13,157.00	-	13,157.00
03/01/2045	13,157.00	-	13,157.00
06/01/2045	13,157.00	-	13,157.00
09/01/2045	13,157.00	-	13,157.00
12/01/2045	13,157.00	-	13,157.00
03/01/2046	13,157.00	-	13,157.00
06/01/2046	13,157.00	-	13,157.00
09/01/2046	13,157.00	-	13,157.00
12/01/2046	13,157.00	-	13,157.00
03/01/2047	13,157.00	-	13,157.00
06/01/2047	13,157.00	-	13,157.00
09/01/2047	13,157.00	-	13,157.00
12/01/2047	13,157.00	-	13,157.00
03/01/2048	13,157.00	-	13,157.00
<b>Total</b>	<b>\$2,000,000.00</b>	<b>-</b>	<b>\$2,000,000.00 *</b>

\*Plus \$1,258.22 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is \$191,249.44.

**Yield Statistics**

Bond Year Dollars	\$41,999.73
Average Life	21.000 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.57E-10
Bond Yield for Arbitrage Purposes	1.57E-10
All Inclusive Cost (AIC)	0.4530741%

**IRS Form 8038**

Net Interest Cost	-
Weighted Average Maturity	21.000 Years

(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:

\_\_\_\_\_