

\$500,000  
TOWN OF WINFIELD, WEST VIRGINIA  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

DISTRIBUTION LIST

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\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND,  
SERIES 2004 (STATE REVOLVING FUND)

TRANSCRIPT LIST

A. BASIC DOCUMENTS

1. Bond Ordinance.
2. Supplemental Resolution.
3. Petition of Sanitary Board to City Council Authorizing Issuance of Bond.
4. Loan Agreement.
5. Public Service Commission Order.
6. Infrastructure and Jobs Development Council Approval.
7. Cross-Receipt for Bond and Bond Proceeds.
8. Request and Authorization to Authenticate and Deliver Bond.
9. Specimen Bond and Bond Register.

B. OPINIONS OF COUNSEL

10. Approving Opinion of Goodwin & Goodwin, LLP, Bond Counsel.
11. Opinion of Counsel to Issuer.
12. Title Opinion.

C. CERTIFICATES

13. General Certificate.
14. Certificate of Engineer with Schedule A Attached.
15. Certificate of Certified Public Accountant.
16. Certificate of Recorder as to Truth and Accuracy of Documents Delivered.
17. Certificate as to Arbitrage.

#### D. DOCUMENTS OF THE ISSUER

18. Charter of Town of Winfield and Ordinance Creating Sanitary Board.
19. Oaths of Office of Mayor, Recorder and Members of Town Council and Sanitary Board.
20. Minutes on Adoption of Bond Ordinance and Supplemental Resolution.
21. Abstract of Bond Ordinance and Affidavit of Publication.
22. Sewer Rate Ordinance, Minutes on Adoption of Sewer Rate Ordinance and Affidavit of Publication.
23. Municipal Bond Commission New Issue Report.
24. WDA's Consent to Issuance of Series 2004 Bond.
25. RUS' Consent to Issuance of Series 2004 Bond.
26. IRS Form 8038-G and Letter to IRS.

#### E. MISCELLANEOUS DOCUMENTS

27. Acceptance by The City National Bank of West Virginia of Appointment as Depository Bank.
28. Acceptance by The City National Bank of West Virginia of Appointment as Registrar.
29. Registrar's Agreement.
30. Certificate of Registration of Bonds.
31. Closing Memorandum.
32. Evidence of Insurance.
33. NPDES Permit (cover page).
34. 1986 Bond Ordinance.
35. 1994 Bond Ordinance.
36. 2003 Bond Ordinance.
37. Copy of Statutory Authorities.

The closing of the sale of the \$500,000 Town of Winfield, Sewer Revenue Bond, Series 2004 (State Revolving Fund), will take place at the West Virginia Water Development Authority's office in Charleston, West Virginia, at 10:00 a.m., prevailing time, on the 16<sup>th</sup> day of September, 2004. No transaction shall be deemed to have been completed, and no documents shall be deemed to have been delivered unless or until all transactions are complete and all documents delivered.

**TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)**

**BOND ORDINANCE**

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TOWN OF WINFIELD

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WINFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2004 (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A.     The Town of Winfield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Putnam 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 sewer line replacements and manhole repairs and replacements, storm sewer separation for Garfield Street, Rocky Step and Winfield Mobile Home Park and improvements to the treatment plant, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection,

transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond, Series 2004 (State Revolving Fund), in the aggregate principal amount of not more than \$500,000 (the "Series 2004 Bond"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest upon the Series 2004 Bond prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2004 Bond 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, 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 2004 Bond and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquisition and construction of the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bond 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 25 years.

F. It is in the best interests of the Issuer that its Series 2004 Bond be sold to the Authority pursuant to the terms and provisions of a loan 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 (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer that will rank on a parity with the Series 2004 Bond as to liens, pledge, source of and security for payment, being (i) the Sewer Revenue Bonds, Series 1986 A, dated December 15, 1986, issued in the original principal amount of \$381,884 (the "Series 1986 A Bonds"), (ii) the Sewer Revenue Bonds, Series 1994 A, dated March 28, 1994, issued in the original principal amount of \$268,000 (the "Series

1994 A Bonds”), (iii) the Sewer Revenue Bonds, Series 1994 B, dated March 28, 1994, issued in the original principal amount of \$60,000 (the “Series 1994 B Bonds”), and (iv) the Sewer Revenue Bond, Series 2003 (State Revolving Fund), dated January 9, 2003, issued in the original principal amount of \$99,250 (the “Series 2003 Bond”), and junior and subordinate to the Series 2004 Bond as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1986 B, dated December 15, 1986, and issued in the original principal amount of \$93,666 (the “Series 1986 B Bonds”) (collectively, the “Prior Bonds”).

The Series 2004 Bond shall be issued on a parity with the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond, with the Series 1986 B Bonds being junior and subordinate thereto, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2004 Bond, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; (ii) the written consents of the Holders of the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond to the issuance of the Series 2004 Bond on a parity with the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond; and (iii) the written consent of the Holder of the Series 1986 B Bonds to the issuance of the Series 2004 Bond senior and prior to the Series 1986 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2004 Bond and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System, the issuance of the Series 2004 Bond, 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 Infrastructure Council and, if necessary, 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 2004 Bond 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 2004 Bond for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bond 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 2004 Bond, all of 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 Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 Bond, 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 2004 Bond, 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 2004 Bond for all or a portion of the proceeds of the Series 2004 Bond from the Authority.

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

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

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

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

“Costs” or “Costs of the Project” means those costs described in Section 1.02D hereof to be a part of the cost of 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.

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

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

“Governing Body” means the council of the Issuer, as it may now or hereafter be constituted.

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

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, “Gross Revenues” does not include any gains

from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

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

“Independent Certified Public Accountant” 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.

“Infrastructure Council” means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Infrastructure Council.

“Investment Property” means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

“Loan Agreement” means the Loan Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2004 Bond from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

“Mayor” means the Mayor of the Issuer.

“Net Proceeds” means the face amount of the Series 2004 Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2004 Bond Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

“Outstanding” when used with reference to Bonds 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 canceled 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (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 bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

“Paying Agent” means the Commission or other entity designated as such for the Series 2004 Bond in the Supplemental Resolution.

“Prior Bonds” means, collectively, the Series 1986 A Bonds, the Series 1986 B Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bonds as defined and described in Section 1.02G hereof.

“Prior Ordinances” means, collectively, the Bond Ordinance of the Issuer enacted on October 14, 1986, as supplemented by supplemental resolutions of the Issuer adopted November 8, 1986, and December 9, 1986, , the Bond Ordinance of the Issuer enacted on March 7, 1994, and the Bond Ordinance of the Issuer enacted on September 24, 2002, as supplemented by a supplemental resolution of the Issuer adopted January 7, 2003, authorizing the issuance of the Prior Bonds.

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

“Project” means the Project as described in Section 1.02B hereof.

“Qualified Investments” means and includes any of the following:

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

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

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

(h) The West Virginia “consolidated fund” managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least “A” by Moody's 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 the Prior Ordinances and continued hereby.

“Reserve Accounts” means, collectively, the respective Reserve Accounts created for the Series 2004 Bond and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2004 Bond.

“Revenue Fund” means the Revenue Fund created by the Prior Ordinances and continued hereby.

“Series 2004 Bond” means the Sewer Revenue Bond, Series 2004 (State Revolving Fund), of the Issuer, authorized by this Bond Legislation.

“Series 2004 Bond Trust Fund” means the Series 2004 Bond Trust Fund created by Section 5.01 hereof.

“Series 2004 Bond Reserve Account” means the Series 2004 Bond Reserve Account created by Section 5.02 hereof.

“Series 2004 Bond Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 Bond in the then current or any succeeding year.

“Series 2004 Bond Sinking Fund” means the Series 2004 Bond Sinking Fund created by Section 5.02 hereof.

“Sinking Funds” means, collectively, the respective Sinking Funds created for the Series 2004 Bond and the Prior Bonds.

“SRF Administrative Fee” means any administrative fee required to be paid under the Loan Agreement for the Series 2004 Bond.

“SRF Program” means the West Virginia 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 2004 Bond; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2004 Bond, 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 Series 2004 Bond, the Prior Bonds or any other obligations 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 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.

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 \$515,000, 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 2004 Bond hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into a contract for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed \$515,000, which will be obtained from proceeds of the Series 2004 Bond in an amount not to exceed \$500,000 and a contribution by the Issuer in an amount not to exceed \$15,000.

## ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2004 Bond and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2004 Bond of the Issuer. The Series 2004 Bond shall be issued as a single bond, designated as “Sewer Revenue Bond, Series 2004 (State Revolving Fund),” in the principal amount of not more than \$500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 Bond remaining after funding of the Series 2004 Bond Reserve

Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2004 Bond Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. The Series 2004 Bond shall be issued in such principal amount; 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 Loan Agreement. The Series 2004 Bond shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2004 Bond, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 Bond shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2004 Bond. The Series 2004 Bond 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 Bond; 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 set forth in a Supplemental Resolution.

Section 3.03. Execution of Bond. The Series 2004 Bond shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2004 Bond shall cease to be such officer of the Issuer before the Series 2004 Bond so signed and sealed have 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 Series 2004 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 3.04. Authentication and Registration. No Series 2004 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 2004 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 2004 Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2004 Bond shall be conclusively deemed to have agreed that such Bond 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 Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 Bond remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bond.

The registered Series 2004 Bond 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 2004 Bond or transferring the registered Series 2004 Bond are exercised, any Series 2004 Bond shall be delivered in accordance with the provisions of this Bond Legislation. Any Series 2004 Bond surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2004 Bond, 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 2004 Bond during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004 Bond or, in the case of any proposed redemption of Series 2004 Bond, 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. Bond Mutilated, Destroyed, Stolen or Lost. In case any Series 2004 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the

Holder's furnishing 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. Any Bond so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bond not to be Indebtedness of the Issuer. The Series 2004 Bond 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 System as herein provided. No Holder or Holders of the Series 2004 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bond or the interest thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2004 Bond 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 Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond and senior and prior to the lien on the Net Revenues in favor of the Holder of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2004 Bond and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bond. The Issuer shall execute and deliver the Series 2004 Bond to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2004 Bond to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 Bond to the original purchasers.

Section 3.10. Form of Bond. The text of the Series 2004 Bond 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  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

No. R-1

\$500,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF WINFIELD, a municipal corporation and political subdivision of the State of West Virginia in Putnam 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 FIVE HUNDRED THOUSAND DOLLARS (\$500,000), 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 December 1, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2004.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on August 10, 2004, and a Supplemental Resolution duly adopted by the Issuer on August 10, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$381,884, (2) SEWER REVENUE BONDS, SERIES 1994 A, DATED MARCH 28, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$268,000, (3) SEWER REVENUE BONDS, SERIES 1994B, DATED MARCH 28, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$60,000 AND (4) SEWER REVENUE BOND, SERIES 2003 (STATE REVOLVING FUND), DATED JANUARY 9, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,250, AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,666 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond, and senior and prior to the Series 1986 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 Bond Reserve Account"), and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2004 Bond Reserve Account an amount at least equal to the maximum amount

of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the TOWN OF WINFIELD 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 September 9, 2004.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 Bond 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: September 9, 2004.

The City National Bank of West Virginia, as Registrar

By: \_\_\_\_\_  
Assistant Vice President/Trust Officer

EXHIBIT A  
RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$	9/9/04	(13)	\$	
(2)	\$		(14)	\$	
(3)	\$		(15)	\$	
(4)	\$		(16)	\$	
(5)	\$		(17)	\$	
(6)	\$		(18)	\$	
(7)	\$		(19)	\$	
(8)	\$		(20)	\$	
(9)	\$		(21)	\$	
(10)	\$		(22)	\$	
(11)	\$		(23)	\$	
(12)	\$		(24)	\$	

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 Bond; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2004 Bond shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction 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 created by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (created by the Prior Ordinances);
- (2) Operation and Maintenance Fund (created by the Prior Ordinances);
- (3) Renewal and Replacement Fund (created by the Prior Ordinances); and
- (4) Series 2004 Bond Trust Fund.

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

- (1) Series 2004 Bond Sinking Fund; and
- (2) Series 2004 Bond Reserve Account.

Section 5.03.      System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and 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 this Bond Legislation. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay the current Operating Expenses of the System.

(2) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the interest payments on the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond in the amounts and on the dates required by the Prior Ordinances, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 2004 Bond, for which interest has not been capitalized or as required in the Loan Agreement, shall remit to the Commission for deposit in the Series 2004 Bond Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2004 Bond on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 Bond Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the principal payments of the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond in the amounts and on the dates required by the Prior Ordinances, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2004 Bond, shall remit to the Commission for deposit in the Series 2004 Bond Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 Bond on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 Bond Sinking Fund and the next quarterly principal payment date is less than 4 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) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the reserve account payments into the Reserve Accounts of the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond in the amounts and on the dates required by the Prior Ordinances, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2004 Bond, if not fully funded upon issuance of the Series 2004 Bond, shall remit to the Commission for deposit in the Series 2004

Bond Reserve Account, an amount equal to 1/120<sup>th</sup> of the Series 2004 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2004 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 Bond Reserve Requirement.

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

(6) Next, from the moneys in the Revenue Fund, the Issuer shall make the principal payments of the Series 1986 B Bonds in the amounts and on the dates required by the Prior Ordinances.

(7) Next, from the moneys in the Revenue Fund, the Issuer shall make the reserve account payments into the Reserve Account of the Series 1986 B Bonds in the amounts and on the dates required by the Prior Ordinances.

Moneys in the Series 2004 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2004 Bond as the same shall become due. Moneys in the Series 2004 Bond Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2004 Bond, as the same shall come due, when other moneys in the Series 2004 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2004 Bond Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2004 Bond Trust Fund during acquisition and construction of the Project and thereafter, to the Series 2004 Bond Sinking Fund.

Any withdrawals from the Series 2004 Bond Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2004 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bond are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at

maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2004 Bond Sinking Fund or the Series 2004 Bond Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 Bond issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 Bond, the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond and thereafter, to the Series 1986 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 Bond Sinking Fund and the Series 2004 Bond Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004 Bond Sinking Fund and the Series 2004 Bond Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Series 2004 Bond Sinking Fund and Series 2004 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 Bond Sinking Fund and the Series 2004 Bond Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 Bond Outstanding 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, principal and reserve account payments, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

C. 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), commencing with the payment set forth in Section 5.03.A.(2) hereof, remit to the Commission the SRF Administrative Fee set forth in the Schedule Y attached to the Loan Agreement.

D. The Issuer shall complete the “Monthly Payment Form,” a form of which is attached to the Loan Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month.

E. 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 shall be required by law, such excess shall be considered as Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

F. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar 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 then due. If required by the Authority, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

G. The moneys 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 Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

H. 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 that would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

## ARTICLE VI

### BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2004 Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 Bond, there shall first be deposited with the Commission in the Series 2004 Bond Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2004 Bond, there shall be deposited with the Commission in the Series 2004 Bond Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 Bond Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2004 Bond, such moneys shall be deposited with the Depository Bank in the Series 2004 Bond 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 2004 Bond.

D. After completion of acquisition and construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 Bond shall be expended as approved by the DEP.

Section 6.02. Disbursements From Bond Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2004 Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 Bond Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the acquisition and 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, moneys in the Series 2004 Bond 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 2004 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2004 Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2004 Bond or the interest thereon is Outstanding and unpaid.

Section 7.02. Bond not to be Indebtedness of the Issuer. The Series 2004 Bond shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2004 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bond or the interest thereon.

Section 7.03. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2004 Bond 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 Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond and senior and prior to the Holder of the Series 1986 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2004 Bond 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, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The current schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer ordinance of the Issuer duly adopted on September 9, 2003, and effective November 1, 2003.

So long as the Series 2004 Bond is outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond

Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2004 Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2004 Bond are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 Bond, immediately be remitted to the Commission for deposit in the Series 2004 Bond Sinking Fund, and, with the written permission of the DEP and 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 on the Series 2004 Bond. Any balance remaining after the payment of the Series 2004 Bond and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount 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 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 2004 Bond. All obligations issued by the Issuer after the issuance of the Series 2004 Bond 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 2004 Bond; 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 2004 Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2004 Bond and the interest 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 Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bond pursuant to this Bond Legislation, 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).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bond.

No such Parity Bonds shall be issued except for the purposes of financing the costs of the acquisition and construction of additions, extensions, improvements or betterments to the System or refunding the Series 2004 Bond issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1994 A and Series 1994 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1994 A and Series 1994 B Bonds are no longer outstanding, the following parity requirement shall be met:

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

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the

Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2004 Bond on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bond.

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 and constructing 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 and construction 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.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to acquire and construct the Project.

All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority 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. The Issuer shall maintain separate control accounting records. 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 that may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Issuer shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2004 Bond, and shall mail in each year to any Holder or Holders of the Series 2004 Bond, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2004 Bond and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2004 Bond. 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 Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and facilities at all reasonable times. Prior to, during and after completion of acquisition and 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.

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 Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bond, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2004 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 Bond, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2004 Bond Reserve Account and the Reserve Accounts for obligations on a parity with or junior to the Series 2004 Bond, 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 on the Series 2004 Bond and all other

obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 Bond, including the Prior 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.

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the 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 Loan 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 Loan 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 or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the 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 2004 Bond remains Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the 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 of Project; Permits and Orders. The Issuer shall cause the Project to be acquired and constructed 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 and the operation of the System, all orders and approvals from the Public Service Commission of West Virginia and the Infrastructure Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer 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 and the DEP or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 Bond are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2004 Bond during the term thereof is, under the terms of the Series 2004 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the

event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2004 Bond during the term thereof is, under the terms of the Series 2004 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bond are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2004 Bond are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 Bond and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2004 Bond will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bond 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 2004 Bond 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 2004 Bond 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.

### ARTICLE VIII

#### INVESTMENTS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bond are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2004 Bond from gross income for federal income tax purposes.

Section 8.02. Non Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2004 Bond which would cause the Series 2004 Bond to be “arbitrage bonds” within the meaning of Section 148 of the Code and Regulations, and (ii) it shall take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2004 Bond) so that the interest on the Series 2004 Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2004 Bond are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2004 Bond are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2004 Bond are issued are not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2004 Bond and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2004 Bond. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. The Issuer shall obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary to maintain the exclusion of interest on the Series 2004 Bond from gross income for federal income tax purposes. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond year, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2004 Bond subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2004 Bond (as such term "gross proceeds" is defined in the Code).

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2004 Bond:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2004 Bond; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2004 Bond set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bond, and such default shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a 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 however, that all rights and remedies of the Holders of the Series 2004 Bond shall be on a parity with those of the Holders of the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Senior 2003 Bonds and senior and prior to those of the Holder of the Series 1986 B 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 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 2004 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 the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 Bond shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2004 Bond from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2004 Bond, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 Bond, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 Bond shall be made without the consent in writing of the Registered Owners of the Series 2004 Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount

thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2004 Bond required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2004 Bond 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 2004 Bond.

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance 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 *Putnam Democrat*, a qualified newspaper published and of general circulation in the Town of Winfield, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2004 Bond, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to

the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

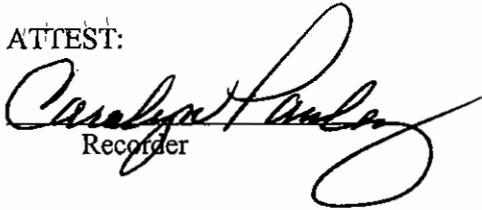
Passed on First Reading: July 20, 2004  
Passed on Second Reading: July 27, 2004  
Passed on Third Reading: August 10, 2004  
Passed on Final Reading  
Following Public Hearing: August 10, 2004

TOWN OF WINFIELD, WEST VIRGINIA

By   
Mayor

[SEAL]

ATTEST:

  
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF WINFIELD and effective on the 10<sup>th</sup> day of August, 2004.

Dated: September 16, 2004.

[SEAL]

  
Recorder

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE TOWN OF WINFIELD SEWER REVENUE BOND, SERIES 2004 (STATE REVOLVING FUND); APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Town Council (the "Council") of the Town of Winfield (the "Issuer") has duly and officially enacted a Bond Ordinance effective on August 10, 2004 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WINFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2004 (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Ordinance provides for the issuance of the Sewer Revenue Bond, Series 2004 (State Revolving Fund), of the Issuer, in the aggregate principal amount not to exceed \$500,000 (the "Bond");

WHEREAS, the Ordinance authorized the execution and delivery of a Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP"), relating to the Bond, including all schedules and exhibits attached thereto (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act");

WHEREAS, the Ordinance provided that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bond should be established by a supplemental resolution pertaining to the Bond; and other matters relating to the Bond be herein provided for;

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

WHEREAS, the Bond is proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, the Council deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, and that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates, the sales price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Ordinance when used herein;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WINFIELD AS FOLLOWS:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund), originally represented by one bond, numbered R-1, in the principal amount of \$500,000. The Bond shall be dated the date of delivery thereof, shall finally mature September 1, 2025, and shall bear interest at the rate of two percent (2%) per annum. The principal of and interest on the Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond shall be subject to redemption upon the written consent of the DEP and the Authority, upon payment of the redemption premium, if any, and upon continued compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bond. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Bond set forth in Schedule Y attached to the Loan Agreement.

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

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

Section 4. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission to serve as Paying Agent for the Bonds, The City National Bank of West Virginia, Charleston, West Virginia, to serve as Registrar, and The City National Bank of West Virginia, Winfield, West Virginia, to serve as Depository Bank.

Section 5. The proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Series 2004 Bond Trust Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bond.

Section 6. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bond hereby and by the Ordinance approved and provided for, to the end that the Bond may be delivered on or about September 9, 2004, to the Authority pursuant to the Loan Agreement.

Section 7. The acquisition and construction of the Project and the financing of the Project in part with proceeds of the Bond 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 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2004 Bond Sinking Fund and the Series 2004 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves and accepts all contracts relating to the financing and construction of the Project. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the

Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 11. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than \$5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 2004, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities that issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

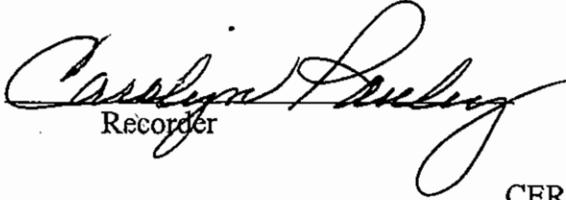
Adopted this 10<sup>th</sup> day of August, 2004

TOWN OF WINFIELD

[SEAL]

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

Mayor

  
Recorder

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Town Council of the Town of Winfield on August 10, 2004.

Dated: September 16, 2004.

  
Recorder

[SEAL]

PETITION OF THE SANITARY BOARD  
OF THE TOWN OF WINFIELD,  
WEST VIRGINIA

TO THE COUNCIL OF THE TOWN OF WINFIELD, WEST VIRGINIA

Pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), the Sanitary Board (the "Sanitary Board") of the Town of Winfield, West Virginia (the "Town"), hereby petitions the Council to enact an ordinance which shall:

(a) set forth a brief and general description of the additions, improvements and betterments to the existing public sewerage system of the Town, consisting of sewer line replacements and manhole repairs and replacements, storm sewer separation for Garfield Street, Rocky Step and Winfield Mobile Home Park and improvements to the treatment plant, together with all appurtenant facilities (the "Project"), in accordance with the plans and specifications prepared and filed by S & S Engineers, Inc. (the "Consulting Engineers");

(b) set forth the costs of constructing the Project, which is estimated by the Consulting Engineers to be \$515,000;

(c) order the construction the Project;

(d) direct that the Town's sewer revenue bond be issued pursuant to the Act, in the aggregate principal amount of \$500,000 to pay a portion of the costs of the Project;

(e) contain such other provisions as may be necessary in the premises to construct the Project.

This Petition was duly authorized at a meeting of the Sanitary Board duly called and held on the 14th day of July, 2004.

WITNESS our signatures on this 14th day of July, 2004.

THE SANITARY BOARD OF THE TOWN  
OF WINFIELD, WEST VIRGINIA

By: Claude J. Hunt

By: Daniel Forsythe

By: Absent

SRF-LP-1  
(01/12/04)

LOAN AGREEMENT

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

TOWN OF WINFIELD  
(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 direct the distribution of loans to 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 make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

1.7 "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.

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 Loan Agreement as they are used.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the 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 Loan Agreement and the Local Act, the Local Government has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Local Government by the Consulting Engineers.

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities

as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial

Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to DEP and the Authority.

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

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction

and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan 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 make the Loan to the Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by DEP.

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

as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) 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 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 the Local Government is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that 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 written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

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

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

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

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

## ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan 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 Loan Agreement.

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

5.4 The 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 Loan 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 Loan Agreement.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

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 Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the 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 Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

7.6 By execution and delivery of this Loan 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 Loan Agreement shall terminate upon the earlier of:

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

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

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

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

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

TOWN OF WINFIELD  
[Name of Local Government]

(SEAL)

By: [Signature]

Its: Mayor

Attest:

Date: 8-10-04

[Signature]  
Its: Recorder

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

By: [Signature]

Its: Director

Date: 8-12-04

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [Signature]

Its: Director

Attest:

Date: August 4, 2004

[Signature]  
Its: Secretary-Treasurer

000832/00372  
01/12/04

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

**EXHIBIT B**

MONTHLY FINANCIAL REPORT

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

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

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

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

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

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1        You will need a copy of the current fiscal year budget adopted by the 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 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.**

EXHIBIT 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 Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated \_\_\_\_\_.

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

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

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

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

\_\_\_\_\_

By \_\_\_\_\_

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

[SEAL]

---

<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, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

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

C. CLOSING IS CONTINGENT upon receipt of final title opinion, final PSC Order and parity consent.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

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

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

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

[Name of Local Government]

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

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

West Virginia Department of Environmental Protection  
1560 Kanawha Boulevard, East  
Charleston, WV 25311

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 loan agreement dated \_\_\_\_\_, \_\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan 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 Loan Agreement. The Local Bonds are issued in the principal amount of \$ \_\_\_\_\_, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning \_\_\_\_\_ 1, \_\_\_\_\_, and ending \_\_\_\_\_ 1, \_\_\_\_\_, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly adopted or enacted by the 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 Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

2. The Loan 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 Loan 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

Principal Amount of Local Bonds \$500,000  
Purchase Price of Local Bonds \$500,000

The Local Bonds shall bear no interest from the date of delivery to and including August 31, 2005. Commencing December 1, 2005, interest on the Local Bonds is payable quarterly, at a rate of 2% per annum. Commencing December 1, 2005, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, 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.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government: Sewer Revenue Bonds, Series 1986 A, dated December 15, 1986, issued in the original principal amount of \$381,884; Sewer Revenue Bonds, Series 1994 A, dated March 28, 1994, issued in the original principal amount of \$268,000; Sewer Revenue Bonds, Series 1994 B, dated March 28, 1994, issued in the original principal amount of \$60,000; Sewer Revenue Bonds, Series 2003(State Revolving Fund), dated January 9, 2003, issued in the original principal amount of \$99,250.

SCHEDULE Y

**\$500,000**

Town of Winfield

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: September 16, 2004

**Debt Service Schedule**

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2004	-	-	-	-
03/01/2005	-	-	-	-
06/01/2005	-	-	-	-
09/01/2005	-	-	-	-
12/01/2005	5,098.52	2.000%	2,500.00	7,598.52
03/01/2006	5,124.01	2.000%	2,474.51	7,598.52
06/01/2006	5,149.63	2.000%	2,448.89	7,598.52
09/01/2006	5,175.38	2.000%	2,423.14	7,598.52
12/01/2006	5,201.26	2.000%	2,397.26	7,598.52
03/01/2007	5,227.26	2.000%	2,371.26	7,598.52
06/01/2007	5,253.40	2.000%	2,345.12	7,598.52
09/01/2007	5,279.67	2.000%	2,318.85	7,598.52
12/01/2007	5,306.06	2.000%	2,292.45	7,598.51
03/01/2008	5,332.59	2.000%	2,265.92	7,598.51
06/01/2008	5,359.26	2.000%	2,239.26	7,598.52
09/01/2008	5,386.05	2.000%	2,212.46	7,598.51
12/01/2008	5,412.98	2.000%	2,185.53	7,598.51
03/01/2009	5,440.05	2.000%	2,158.47	7,598.52
06/01/2009	5,467.25	2.000%	2,131.27	7,598.52
09/01/2009	5,494.58	2.000%	2,103.93	7,598.51
12/01/2009	5,522.06	2.000%	2,076.46	7,598.52
03/01/2010	5,549.67	2.000%	2,048.85	7,598.52
06/01/2010	5,577.42	2.000%	2,021.10	7,598.52
09/01/2010	5,605.30	2.000%	1,993.21	7,598.51
12/01/2010	5,633.33	2.000%	1,965.19	7,598.52
03/01/2011	5,661.50	2.000%	1,937.02	7,598.52
06/01/2011	5,689.80	2.000%	1,908.71	7,598.51
09/01/2011	5,718.25	2.000%	1,880.26	7,598.51
12/01/2011	5,746.84	2.000%	1,851.67	7,598.51
03/01/2012	5,775.58	2.000%	1,822.94	7,598.52
06/01/2012	5,804.46	2.000%	1,794.06	7,598.52
09/01/2012	5,833.48	2.000%	1,765.04	7,598.52
12/01/2012	5,862.65	2.000%	1,735.87	7,598.52
03/01/2013	5,891.96	2.000%	1,706.56	7,598.52
06/01/2013	5,921.42	2.000%	1,677.10	7,598.52
09/01/2013	5,951.03	2.000%	1,647.49	7,598.52
12/01/2013	5,980.78	2.000%	1,617.74	7,598.52
03/01/2014	6,010.69	2.000%	1,587.83	7,598.52
06/01/2014	6,040.74	2.000%	1,557.78	7,598.52
09/01/2014	6,070.94	2.000%	1,527.58	7,598.52
12/01/2014	6,101.30	2.000%	1,497.22	7,598.52
03/01/2015	6,131.80	2.000%	1,466.71	7,598.51
06/01/2015	6,162.46	2.000%	1,436.06	7,598.52
09/01/2015	6,193.28	2.000%	1,405.24	7,598.52

**\$500,000**

Town of Winfield

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: September 16, 2004

**Debt Service Schedule**

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2015	6,224.24	2.000%	1,374.28	7,598.52
03/01/2016	6,255.36	2.000%	1,343.16	7,598.52
06/01/2016	6,286.64	2.000%	1,311.88	7,598.52
09/01/2016	6,318.07	2.000%	1,280.45	7,598.52
12/01/2016	6,349.66	2.000%	1,248.86	7,598.52
03/01/2017	6,381.41	2.000%	1,217.11	7,598.52
06/01/2017	6,413.32	2.000%	1,185.20	7,598.52
09/01/2017	6,445.39	2.000%	1,153.13	7,598.52
12/01/2017	6,477.61	2.000%	1,120.91	7,598.52
03/01/2018	6,510.00	2.000%	1,088.52	7,598.52
06/01/2018	6,542.55	2.000%	1,055.97	7,598.52
09/01/2018	6,575.26	2.000%	1,023.26	7,598.52
12/01/2018	6,608.14	2.000%	990.38	7,598.52
03/01/2019	6,641.18	2.000%	957.34	7,598.52
06/01/2019	6,674.39	2.000%	924.13	7,598.52
09/01/2019	6,707.76	2.000%	890.76	7,598.52
12/01/2019	6,741.30	2.000%	857.22	7,598.52
03/01/2020	6,775.00	2.000%	823.52	7,598.52
06/01/2020	6,808.88	2.000%	789.64	7,598.52
09/01/2020	6,842.92	2.000%	755.60	7,598.52
12/01/2020	6,877.14	2.000%	721.38	7,598.52
03/01/2021	6,911.52	2.000%	687.00	7,598.52
06/01/2021	6,946.08	2.000%	652.44	7,598.52
09/01/2021	6,980.81	2.000%	617.71	7,598.52
12/01/2021	7,015.71	2.000%	582.80	7,598.51
03/01/2022	7,050.79	2.000%	547.72	7,598.51
06/01/2022	7,086.05	2.000%	512.47	7,598.52
09/01/2022	7,121.48	2.000%	477.04	7,598.52
12/01/2022	7,157.08	2.000%	441.43	7,598.51
03/01/2023	7,192.87	2.000%	405.65	7,598.52
06/01/2023	7,228.83	2.000%	369.68	7,598.51
09/01/2023	7,264.98	2.000%	333.54	7,598.52
12/01/2023	7,301.30	2.000%	297.21	7,598.51
03/01/2024	7,337.81	2.000%	260.71	7,598.52
06/01/2024	7,374.50	2.000%	224.02	7,598.52
09/01/2024	7,411.37	2.000%	187.15	7,598.52
12/01/2024	7,448.43	2.000%	150.09	7,598.52
03/01/2025	7,485.67	2.000%	112.85	7,598.52
06/01/2025	7,523.10	2.000%	75.42	7,598.52
09/01/2025	7,560.71	2.000%	37.80	7,598.51
<b>Total</b>	<b>\$500,000.00</b>	<b>-</b>	<b>\$107,881.44</b>	<b>\$607,881.44 *</b>

\*Plus \$674.26 one-percent administrative fee paid quarterly. Total fee over life of loan is \$53,940.80.

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston on the 7<sup>th</sup> day of September, 2004.

CASE NO. 04-0656-S-CN

TOWN OF WINFIELD

Application for a certificate of convenience  
and necessity to upgrade wastewater collection  
system and treatment facility.

COMMISSION ORDER

By Recommended Decision entered on September 7, 2004, the Town of Winfield, was granted a certificate of convenience and necessity to construct improvements to its sanitary sewer system.

On September 3, 2004, Timothy J. LaFon, Counsel for the Town of Winfield, filed a letter requesting a waiver of the Applicant's right to file exceptions to the Recommended Decision. Commission Staff, via telecommunications, also indicated that they had no objections to this motion.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is therefore of the opinion and belief that said motion of waiver received by the Commission on September 3, 2004, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final (5) days after the date of this order.

A True Copy, Teste:

A handwritten signature in black ink that reads "Sandra Squire". The signature is written in a cursive style with a large initial "S".

**Sandra Squire**  
**Executive Secretary**

PJH/s  
040656sa.wpd

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: September 7, 2004

**FINAL**

9-12-04  
Per Commission  
order waiving  
Exception or Petition

CASE NO. 04-0656-S-CN

TOWN OF WINFIELD

Application for a certificate  
of convenience and necessity to  
upgrade wastewater collection  
system and treatment facility.

RECOMMENDED DECISION

On January 12, 2004, the Town of Winfield Sanitary Board (Board) filed a letter indicating that it intended to file an application for a certificate of convenience and necessity for improvements to the sanitary sewer system.

On May 3, 2004, the Board filed a completed Form No. 4, Application for a Certificate of Convenience and Necessity, to upgrade its wastewater collection and treatment facility. The Board needs the wastewater system improvements to comply with the state and federal Clean Water Acts. Construction, projected to cost approximately \$500,000.00, will be funded through a loan from the West Virginia Division of Environmental Protection (DEP) State Revolving Fund Program (SRF). Although the project will not affect rates, the Board's rate ordinance enacted by the Town Council, and as stated in the Board's sewer tariff P.S.C. W. Va. No. 9, reflects rate increases on January 1, 2006, and January 1, 2008.

By Order dated May 3, 2004, the Commission directed that the Board give notice of the filing of its application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County, making due return to the Commission of proper certification of publication immediately after publication. The Notice directed that anyone desiring to make objection to the application or to intervene in this proceeding must do so, in writing, within thirty (30) days after the date of publication of said Notice. It also provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increases, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day protest period, the Commission could waive formal hearing and grant the application based upon its review of the evidence submitted in the application.

On June 4, 2004, Staff Attorney C. Terry Owen filed the Initial Joint Staff Memorandum, attaching the May 27, 2004 Initial Internal Memorandum, prepared by Utilities Analyst Nathan Nelson, Water and

Wastewater Division, and Technical Analyst II Jim Spurlock, Engineering Division. Mr. Nelson and Mr. Spurlock reported that the Board already has enacted a rate ordinance sufficient to cover the increased debt. Staff requested that the Board provide the following information in its review: (a) an explanation for the discrepancy between the proposed \$500,000 loan in the Rule 42 exhibit and the \$300,000 loan application; (b) loan commitment letters which include the loan terms and conditions; (c) a listing of the construction costs and project budget which match the proposed funding; and (d) a preliminary engineering report. Staff recommended that the case be referred to the Division of Administrative Law Judges for further disposition.

On June 17, 2004, the Board filed an affidavit of publication from the Hurricane Breeze, a newspaper published and generally circulated in Putnam County, reflecting publication of the Notice of Filing on June 10, 2004.

By Commission Referral Order dated June 18, 2004, this proceeding was referred to the Division of Administrative Law Judges with a decision to be rendered on or before November 29, 2004.

On June 23, 2004, the Board filed a letter dated June 23, 2004, from the DEP. This letter confirmed that the Board would be able to obtain long term financing through the SRF for the Board's wastewater improvements project. The estimated amount for the project would include \$500,000 in SRF bonds and a \$13,435 contribution from the Board for a total project cost of \$513,435.00. The annual interest rate for the SRF loan would be 2% with an annual administrative fee of 1% for a term not to exceed twenty (20) years. The letter also stated that, if the bonds were not issued prior to October 15, 2004, the Fund reserved the right to commit these funds to another project.

On July 26, 2004, the Board filed an affidavit of publication from The Putnam Democrat, a newspaper, published and generally circulated in Putnam County, reflecting publication of the Notice of Filing on June 10, 2004. No written protests were filed within the protest period, which expired on July 12, 2004.

On August 16, 2004, the Board filed a tariff which establishes the Board's new security deposit requirement.

Since, by Commission policy, the Final Joint Staff Memorandum was due to be filed on August 2, 2004, by Order dated August 17, 2004, Staff was required to file its Final Joint Staff Memorandum no later than Monday, August 23, 2004.

On August 19, 2004, Staff Attorney Owen filed the Final Joint Staff Memorandum, attaching the August 6, 2004 Final Internal Memorandum, prepared by Utilities Analyst Nelson and Utilities Analyst Manager William A. Nelson, Water and Wastewater Division, and by Technical Analyst Jim Spurlock. Staff reported that this application proposes to upgrade the Board's wastewater collection and treatment facilities with a project cost of approximately \$500,000. A manual screen and a new 10,000-gallon chlorine contact chamber will be

installed. The Winfield Mobile Home Village's sewer lines will be replaced. The storm sewer and sanitary sewer lines on Garfield and Second Streets will be separated and the Rocky Step Road sewer lines will be re-laid. Staff opined that the construction cost estimate was reasonable for the project's scope. No additional operation and maintenance expenses are anticipated. The Division of Environmental Protection has approved the plans and specifications. The Board has received a modified NPDES permit.

Staff also reported that the project will be financed through a \$500,000 SRF loan. The Board has an additional \$55,000 which it can contribute toward the cost of construction, if necessary. The SRF loan, with an interest rate of 3% for 20 years, requires an annual debt payment of \$33,610. The Board must establish a 10% debt reserve account of \$3,361 annually, until an amount equal to one full year of debt payments is deposited. The Board must also fund a renewal and replacement reserve equal to 2.5% of the annual operating revenues, or \$8,512 per year. The Board already has an SRF design loan and has provided Staff with documentation committing the funds for both SRF loans. Since the project will not increase operation and maintenance expenses, the Board's annual expenses, due to the project, include only the additional debt service and debt reserves, which total approximately \$44,201. Winfield enacted an ordinance in September 2003 for rates and charges, which the Board will implement in three phases for a combined increase of nine percent (9%). Phase I went into effect on November 3, 2003, and phase II will go into effect January 1, 2006. The increases from the first two phases will generate additional annual operating revenues of approximately \$22,322. These additional revenues, in combination with the going-level surplus of approximately \$18,410, will cover the project's debt service and reserve amounts. Payment of the SRF design loan, included at going-level, offsets the annual project debt and reserve requirements by \$7,339. The remaining pro forma surplus will be approximately \$3,203, with a debt coverage of 116.28%.

Staff opined that the project is financially feasible and should be approved as proposed. Staff recommended that the project funding, consisting of a \$500,000 SRF loan at 3% for 20 years and a Board contribution, not to exceed \$55,000, be approved. Staff recommended that the Commission approve its cash flow analysis on Attachment 2. Staff also recommended that, should the plans, scope or financing for the project change, the Board must notify the Commission and request a reopening of the certificate case for adjustments and approval. Additionally, if bids exceed the approved estimated construction costs, the Board must request approval for any necessary project revisions and submit engineering and financial data in support.

By Order dated August 27, 2004, the Applicant was given ten (10) days from the date of the Order in which to file written objections to the Final Joint Staff Memorandum filed on August 19, 2004. If no written objections were filed, the recommendations in the Final Joint Staff Memorandum would be adopted, without hearing.

By letter dated September 2, 2004, counsel for the Board represented that the Board sought an expedited recommended decision,

since the Board's bond closing is scheduled for September 8, 2004. In an earlier telephone conversation, the Board's counsel had also stated that the Board did not object to the Final Joint Staff Memorandum filed on August 19, 2004.

By letter dated September 3, 2004, counsel for the Board stated that the Board would waive any appeal period and asked for an immediate order granting the certificate since the closing is scheduled for September 9, 2004.

Upon consideration of all of the above, the undersigned Administrative Law Judge is of the opinion that the requested certificate of convenience and necessity should be granted to the Town of Winfield, with the Staff-recommended provision that the requested project financing be approved; that any change in the plans, scope or financing of the project shall require a reopening of the certificate case for adjustments and approval; and that, if bids exceed the approved estimated construction costs, this matter must be reopened to seek approval of the appropriate adjustments to the scope of the project and/or its financing.

#### FINDINGS OF FACT

1. On January 12, 2004, the Town of Winfield Sanitary Board filed a Notice of Intent to file a formal application for a Certificate of Convenience and Necessity for improvements to its sanitary sewer system. (See, January 12, 2004 filing).

2. On May 3, 2004, the Board filed its duly verified application for a certificate of convenience and necessity to upgrade its wastewater collection and treatment facility in order to comply with the state and federal Clean Water Acts. Construction, projected to cost approximately \$500,000, will be financed through an SRF loan and a contribution of up to \$55,000 from the Board. (See, application filed May 3, 2004; Final Joint Staff Memorandum, with attachment, filed August 19, 2004).

3. The Board demonstrated proper publication of its Notice of Filing, on June 10, 2003, in the Hurricane Breeze, and on June 10, 2003, in The Putnam Democrat, both newspapers published and generally circulated in Putnam County. No written protests were filed within the protest period, which expired on July 12, 2004. (See, affidavits of publication filed June 17, 2004, and July 26, 2004; case file generally).

4. Commission Staff recommended that: the Board's project, which is financially feasible, be approved as proposed; the project funding, consisting of a \$500,000 SRF loan, bearing interest at 3% for 20 years, and a Board contribution not to exceed \$55,000, be approved; its cash flow analysis be approved; should the plans, scope or financing for the project change, the Board must notify the Commission and request a reopening of the certificate case for adjustments and approval; and, if bids exceed the approved estimated construction costs, the Board must request approval for any necessary project

revisions and submit engineering and financial data in support. (See, Final Internal Memorandum dated August 6, 2004, attached to Final Joint Staff Memorandum dated August 19, 2004).

5. The Board has received a funding commitment from the State Revolving Fund for a \$500,000 loan with an annual interest rate of 3% for 20 years and an annual debt payment of \$33,610. The Board must establish a 10% annual debt reserve account of \$3,361 until an amount equal to one full year of debt payments is deposited. The Board must also fund a renewal and replacement reserve equal to 2.5% of the annual operating revenues, or \$8,512 per year. (See, commitment letter filed June 23, 2004; Final Internal Memorandum dated August 6, 2004, attached to Final Joint Staff Memorandum dated August 19, 2004).

6. This project will not increase operation and maintenance expenses. The Board's annual expenses, due to the project, include only the additional debt service and debt reserves, which total approximately \$44,201. No rate increase is necessary in order to cover these increased expenses, since Winfield enacted an ordinance in September 2003 for rates and charges which the Board implements in three phases for a combined increase of 9%. Phase I went into effect on November 3, 2003 and Phase II will go into effect on January 1, 2006, for a total increase in annual operating revenues of approximately \$22,322 for the first two phases. Combining these revenues with approximately \$18,410 in going-level surplus covers the project's debt service and reserves amounts. Payment of the Board's SRF design loan, included at going-level, offsets the annual project debt and reserve requirements by \$7,339. The remaining pro forma surplus is approximately \$3,203, with a debt coverage of 116.28%. (See, Final Internal Memorandum dated August 6, 2004, attached to the Final Joint Staff Memorandum filed August 19, 2004).

7. The Final Joint Staff Memorandum was served upon the Town of Winfield Sanitary Board by letter dated August 19, 2004, providing the Board with ten (10) days in which to respond to the Staff recommendations. The Order dated August 27, 2004, also provided the Board with ten (10) days from the date of the Order in which to file written objections to the Staff recommendations. (See, Executive Secretary letter dated August 19, 2004; Procedural Order dated August 27, 2004).

8. Counsel for the Board has stated that the Board has no objections to the Staff's recommendations and has requested that an expedited Recommended Decision be entered so that a closing on the bonds can be held on September 8, 2004. (See, September 2, 2004 filing).

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the project for which the Town of Winfield Sanitary Board has filed the application herein in order to comply with the federal and state Clean Water Acts.

2. The proposed financing is reasonable and should be approved.

3. The project is economically feasible and fully funded, since the Board has a letter of commitment from the West Virginia Clean Water State Revolving Fund for a loan which almost fully covers the cost of the project, with the remaining funds to be contributed by the Town of Winfield. The current rates, which have been reviewed by Commission Staff, are sufficient to cover the necessary costs associated with the project.

4. The Board should be required to seek Commission approval should the project's plans, scope or the proposed financing change for any reason.

5. It is reasonable to adopt the remaining recommendations set forth by Commission Staff in its Final Joint Staff Memorandum filed herein on August 19, 2004, since the Board does not object to any of the Staff recommendations.

6. Since the Board gave proper notice to the filing of the certificate application, to which no letters of protest were filed, no formal hearing is necessary for this certificate application.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on May 3, 2004, by the Town of Winfield Sanitary Board for a certificate of convenience and necessity for improvements to its sanitary sewer system, be, and hereby is, granted.

IT IS FURTHER ORDERED that the Town of Winfield Sanitary Board's proposed financing for the project, consisting of a \$500,000 SRF loan, bearing interest at the rate of 3% for twenty (20) years, and a cash contribution of up to \$55,000 from the Town of Winfield, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the scope or financing of the project change for any reason, the Town of Winfield Sanitary Board be, and hereby is, required to seek Commission approval before commencing construction.

IT IS FURTHER ORDERED that the Town of Winfield Sanitary Board request a copy of its final engineering report, affixed with the stamp of the registered professional engineer, certifying that the contents of the report are the findings of that engineer and are correct as presented, and file that stamped report with the Public Service Commission.

IT IS FURTHER ORDERED that the Town of Winfield Sanitary Board provide copies of the bids for the project to the Commission within thirty (30) days of the date of this Order.

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

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

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

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

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

*Deborah Yost VanDervort*  
Deborah Yost VanDervort  
Administrative Law Judge

DYV:bam  
040656ab.wpd

# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

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

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

**Katy Mallory, PE**  
Executive Secretary

[Katy.Mallory@verizon.net](mailto:Katy.Mallory@verizon.net)

September 1, 2004

The Honorable Claude Hunt  
Mayor, Town of Winfield  
P.O. Box 596  
Winfield, West Virginia 25213

Re: Town of Winfield  
Sewer Project 2001S-641

Dear Mayor Hunt:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Town of Winfield's (the "Town") revised preliminary application regarding its proposed project to replace the existing Winfield Mobile Home Village sanitary sewer collection system (the "Project").

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the Town utilize a \$13,435 Town contribution and a \$500,000 Clean Water State Revolving Fund loan to fund this project.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



Mark Prince

cc: Mike Johnson, DEP  
Region III Planning & Development Council  
S & S Engineers, Inc.  
Bill Bragg, Goodwin & Goodwin

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Department of Environmental Protection (the "DEP"), and the undersigned Mayor of the Town of Winfield (the "Town"), for and on behalf of the Town, hereby certify as follows:

1. On the 16<sup>th</sup> day of September, 2004, at Charleston, West Virginia, the Authority received the Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund) (the "Series 2004 Bond"), numbered R-1, in the principal amount of \$500,000, dated as of the date hereof. The Series 2004 Bond represents the entire above-captioned bond issue.

2. At the time of such receipt, the Series 2004 Bond had been executed and sealed by the designated officials of the Town.

3. The Town has received and hereby acknowledges receipt from the Authority of the sum of \$25,000, being a portion of the principal amount of the Series 2004 Bond. The balance of the principal amount of the Series 2004 Bond will be advanced to the Town by the Authority and the DEP as the construction of the Project progresses.

WITNESS my signature on this 16<sup>th</sup> day of September, 2004.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows  
Authorized Representative

TOWN OF WINFIELD

By: [Signature]  
Mayor

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

REQUEST AND AUTHORIZATION TO  
AUTHENTICATE AND DELIVER BOND

September 16, 2004

The City National Bank of West Virginia  
3601 MacCorkle Ave., SE  
Charleston, WV 25304  
Attention: Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$500,000 Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund) (the "Bond"), dated September 16, 2004, issued by the Town of Winfield (the "Issuer"), authorized to be issued under and pursuant to the Bond Ordinance enacted by the Town Council of the Issuer and effective on August 10, 2004, as supplemented by the Supplemental Resolution adopted August 10, 2004 (collectively, the "Ordinance"). Other capitalized terms used herein but not defined herein shall have the meanings respectively given such terms in the Ordinance.

You have received all the documents required to be filed with you pursuant to the Ordinance.

You are hereby requested and authorized to authenticate and deliver the Bond on behalf of the Issuer to the West Virginia Water Development Authority, acting on behalf of the West Virginia Department of Environmental Protection, as the Purchaser of the Bond, upon payment to the Issuer of the sum of \$25,000, being more than a de minimus amount of the purchase price of \$500,000. Prior to such delivery, you will please cause the Bond to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

TOWN OF WINFIELD

By: 

Mayor

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

No. R-1

\$500,000.00

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF WINFIELD, a municipal corporation and political subdivision of the State of West Virginia in Putnam 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 FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated August 4, 2004.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on August 10, 2004, and a Supplemental Resolution duly adopted by the Issuer on August 10, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$381,884, (2) SEWER REVENUE BONDS, SERIES 1994 A, DATED MARCH 28, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$268,000, (3) SEWER REVENUE BONDS, SERIES 1994B, DATED MARCH 28, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$60,000 AND (4) SEWER REVENUE BOND, SERIES 2003 (STATE REVOLVING FUND), DATED JANUARY 9, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$99,250, AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,666 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994 B Bonds and the Series 2003 Bond and senior and prior to the Series 1986 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 Bond Reserve Account"), and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2004 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or

any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the TOWN OF WINFIELD 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 September 16, 2004.

[SEAL]

ATTEST:

*Carolyn Lacey*  
Recorder

*[Signature]*  
Mayor

**SPECIMEN**

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 Bond 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: September 16, 2004.

The City National Bank of West Virginia, as Registrar

By:   
Assistant Vice President/Trust Officer

**SPECIMEN**

EXHIBIT A  
RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1)	\$25,000.00	9/16/04	(13)	\$
(2)	\$		(14)	\$
(3)	\$		(15)	\$
(4)	\$		(16)	\$
(5)	\$		(17)	\$
(6)	\$		(18)	\$
(7)	\$		(19)	\$
(8)	\$		(20)	\$
(9)	\$		(21)	\$
(10)	\$		(22)	\$
(11)	\$		(23)	\$
(12)	\$		(24)	\$

TOTAL            \$ \_\_\_\_\_

EXHIBIT B  
DEBT SERVICE SCHEDULE

**\$500,000**

Town of Winfield

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: September 16, 2004

Date	Principal	Coupon	Interest	Total P+I
12/01/2004	-	-	-	-
03/01/2005	-	-	-	-
06/01/2005	-	-	-	-
09/01/2005	-	-	-	-
12/01/2005	5,098.52	2.000%	2,500.00	7,598.52
03/01/2006	5,124.01	2.000%	2,474.51	7,598.52
06/01/2006	5,149.63	2.000%	2,448.89	7,598.52
09/01/2006	5,175.38	2.000%	2,423.14	7,598.52
12/01/2006	5,201.26	2.000%	2,397.26	7,598.52
03/01/2007	5,227.26	2.000%	2,371.26	7,598.52
06/01/2007	5,253.40	2.000%	2,345.12	7,598.52
09/01/2007	5,279.67	2.000%	2,318.85	7,598.52
12/01/2007	5,306.06	2.000%	2,292.45	7,598.51
03/01/2008	5,332.59	2.000%	2,265.92	7,598.51
06/01/2008	5,359.26	2.000%	2,239.26	7,598.52
09/01/2008	5,386.05	2.000%	2,212.46	7,598.51
12/01/2008	5,412.98	2.000%	2,185.53	7,598.51
03/01/2009	5,440.05	2.000%	2,158.47	7,598.52
06/01/2009	5,467.25	2.000%	2,131.27	7,598.52
09/01/2009	5,494.58	2.000%	2,103.93	7,598.51
12/01/2009	5,522.06	2.000%	2,076.46	7,598.52
03/01/2010	5,549.67	2.000%	2,048.85	7,598.52
06/01/2010	5,577.42	2.000%	2,021.10	7,598.52
09/01/2010	5,605.30	2.000%	1,993.21	7,598.51
12/01/2010	5,633.33	2.000%	1,965.19	7,598.52
03/01/2011	5,661.50	2.000%	1,937.02	7,598.52
06/01/2011	5,689.80	2.000%	1,908.71	7,598.51
09/01/2011	5,718.25	2.000%	1,880.26	7,598.51
12/01/2011	5,746.84	2.000%	1,851.67	7,598.51
03/01/2012	5,775.58	2.000%	1,822.94	7,598.52
06/01/2012	5,804.46	2.000%	1,794.06	7,598.52
09/01/2012	5,833.48	2.000%	1,765.04	7,598.52
12/01/2012	5,862.65	2.000%	1,735.87	7,598.52
03/01/2013	5,891.96	2.000%	1,706.56	7,598.52

06/01/2013	5,921.42	2.000%	1,677.10	7,598.52
09/01/2013	5,951.03	2.000%	1,647.49	7,598.52
12/01/2013	5,980.78	2.000%	1,617.74	7,598.52
03/01/2014	6,010.69	2.000%	1,587.83	7,598.52
06/01/2014	6,040.74	2.000%	1,557.78	7,598.52
09/01/2014	6,070.94	2.000%	1,527.58	7,598.52
12/01/2014	6,101.30	2.000%	1,497.22	7,598.52
03/01/2015	6,131.80	2.000%	1,466.71	7,598.51
06/01/2015	6,162.46	2.000%	1,436.06	7,598.52
09/01/2015	6,193.28	2.000%	1,405.24	7,598.52
12/01/2015	6,224.24	2.000%	1,374.28	7,598.52
03/01/2016	6,255.36	2.000%	1,343.16	7,598.52
06/01/2016	6,286.64	2.000%	1,311.88	7,598.52
09/01/2016	6,318.07	2.000%	1,280.45	7,598.52
12/01/2016	6,349.66	2.000%	1,248.86	7,598.52
03/01/2017	6,381.41	2.000%	1,217.11	7,598.52
06/01/2017	6,413.32	2.000%	1,185.20	7,598.52
09/01/2017	6,445.39	2.000%	1,153.13	7,598.52
12/01/2017	6,477.61	2.000%	1,120.91	7,598.52
03/01/2018	6,510.00	2.000%	1,088.52	7,598.52
06/01/2018	6,542.55	2.000%	1,055.97	7,598.52
09/01/2018	6,575.26	2.000%	1,023.26	7,598.52
12/01/2018	6,608.14	2.000%	990.38	7,598.52
03/01/2019	6,641.18	2.000%	957.34	7,598.52
06/01/2019	6,674.39	2.000%	924.13	7,598.52
09/01/2019	6,707.76	2.000%	890.76	7,598.52
12/01/2019	6,741.30	2.000%	857.22	7,598.52
03/01/2020	6,775.00	2.000%	823.52	7,598.52
06/01/2020	6,808.88	2.000%	789.64	7,598.52
09/01/2020	6,842.92	2.000%	755.60	7,598.52
12/01/2020	6,877.14	2.000%	721.38	7,598.52
03/01/2021	6,911.52	2.000%	687.00	7,598.52
06/01/2021	6,946.08	2.000%	652.44	7,598.52
09/01/2021	6,980.81	2.000%	617.71	7,598.52
12/01/2021	7,015.71	2.000%	582.80	7,598.51
03/01/2022	7,050.79	2.000%	547.72	7,598.51
06/01/2022	7,086.05	2.000%	512.47	7,598.52
09/01/2022	7,121.48	2.000%	477.04	7,598.52
12/01/2022	7,157.08	2.000%	441.43	7,598.51
03/01/2023	7,192.87	2.000%	405.65	7,598.52
06/01/2023	7,228.83	2.000%	369.68	7,598.51
09/01/2023	7,264.98	2.000%	333.54	7,598.52
12/01/2023	7,301.30	2.000%	297.21	7,598.51
03/01/2024	7,337.81	2.000%	260.71	7,598.52
06/01/2024	7,374.50	2.000%	224.02	7,598.52
09/01/2024	7,411.37	2.000%	187.15	7,598.52
12/01/2024	7,448.43	2.000%	150.09	7,598.52

03/01/2025	7,485.67	2.000%	112.85	7,598.52
06/01/2025	7,523.10	2.000%	75.42	7,598.52
09/01/2025	7,560.71	2.000%	37.80	7,598.51

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<b>Total</b>	<b>\$500,000.00</b>	<b>-</b>	<b>\$107,881.44</b>	<b>\$607,881.44 *</b>
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**\*Plus \$674.26 one-percent administrative fee paid quarterly. Total fee over life of loan is \$53,940.80.**

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

\_\_\_\_\_ the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

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

In the presence of:

**SPECIMEN**

LAW OFFICES

**GOODWIN & GOODWIN, LLP**

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(304) 372-2651

Reply To: Charleston

September 16, 2004

Town of Winfield  
Winfield, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: Town of Winfield Sewer Revenue Bond,  
Series 2004 (State Revolving Fund)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Winfield (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2004 (State Revolving Fund), dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bond, dated August 4, 2004, including all schedules and exhibits attached thereto (the "Loan 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 (ii) the Bond to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is issued in the principal amount of \$500,000, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond shall bear

# GOODWIN & GOODWIN, LLP

September 16, 2004

Page 2

interest at the rate of 2.0% per annum and is subject to the SRF Administrative Fee equal to 1.0% of the principal amount of the Bond as set forth in the Schedule Y attached to the Loan Agreement.

The 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer and effective on August 10, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 10, 2004 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bond is authorized and issued, and the Loan Agreement is entered into. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bond, all under the Act and other applicable provisions of law.

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

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

## GOODWIN & GOODWIN, LLP

September 16, 2004

Page 3

4. The Issuer has legally and effectively enacted the Ordinance and all other necessary ordinances and resolutions in connection with the issuance and sale of the Bond. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bond and the Ordinance.

6. Under the Act, the Bond and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. Under existing laws, regulations, rulings and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. Except as set forth in paragraph 8 below, we express no opinion regarding other tax consequences arising with respect to the Bond.

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

# GOODWIN & GOODWIN, LLP

September 16, 2004

Page 4

with certain of said requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond.

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Respectfully submitted,

*Goodwin & Goodwin, LLP*  
Goodwin & Goodwin, LLP

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

BOND REGISTER

<u>BOND NO.</u>	<u>AMOUNT</u>	<u>REGISTERED OWNER</u>	<u>DATE OF ISSUE</u>
R-1	\$500,000	West Virginia Water Development Authority, for the West Virginia Department of Environmental Protection	September 16, 2004

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: Jody M. DeWitt  
Assistant Vice President and Trust Officer

LAW OFFICES

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Reply To: Charleston

September 16, 2004

Town of Winfield  
Winfield, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: Town of Winfield Sewer Revenue Bond,  
Series 2004 (State Revolving Fund)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Winfield (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2004 (State Revolving Fund), dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bond, dated August 4, 2004, including all schedules and exhibits attached thereto (the "Loan 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 (ii) the Bond to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is issued in the principal amount of \$500,000, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond shall bear

## **GOODWIN & GOODWIN, LLP**

September 16, 2004

Page 2

interest at the rate of 2.0% per annum and is subject to the SRF Administrative Fee equal to 1.0% of the principal amount of the Bond as set forth in the Schedule Y attached to the Loan Agreement.

The 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer and effective on August 10, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 10, 2004 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bond is authorized and issued, and the Loan Agreement is entered into. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bond, all under the Act and other applicable provisions of law.

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

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

## **GOODWIN & GOODWIN, LLP**

September 16, 2004

Page 3

4. The Issuer has legally and effectively enacted the Ordinance and all other necessary ordinances and resolutions in connection with the issuance and sale of the Bond. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bond and the Ordinance.

6. Under the Act, the Bond and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. Under existing laws, regulations, rulings and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. Except as set forth in paragraph 8 below, we express no opinion regarding other tax consequences arising with respect to the Bond.

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

**GOODWIN & GOODWIN, LLP**

September 16, 2004

Page 4

with certain of said requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond.

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Respectfully submitted,

*Goodwin & Goodwin, LLP*  
Goodwin & Goodwin, LLP

CICCARELLO, DEL GIUDICE & LAFON  
ATTORNEYS AT LAW

SUITE 100  
1219 VIRGINIA STREET EAST  
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MICHAEL J. DEL GIUDICE  
TIMOTHY J. LAFON

*of counsel*  
ARTHUR T. CICCARELLO

TELEPHONE  
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September 16, 2004

Town of Winfield  
Winfield, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Goodwin & Goodwin, LLP  
Charleston, West Virginia

Re: Town of Winfield Sewer Revenue Bond,  
Series 2004 (State Revolving Fund)

Ladies and Gentlemen:

We are counsel to Town of Winfield (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned bond of the Issuer (the "Bond"), a loan agreement for the Bond, dated August 4, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), a Bond Ordinance duly enacted by the Town Council of the Issuer (the "Council") and effective on August 10, 2004, as supplemented by a Supplemental Resolution duly adopted on August 10, 2004 (collectively, the "Ordinance"), a Petition of the Sanitary Board adopted on July 14, 2004, the Charter of the Issuer and other documents relating to the Bond and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Loan Agreement and the Ordinance when used herein.

We are of the opinion that:

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the

## CICCARELLO, DEL GIUDICE & LAFON

Act and other applicable provisions of law.

2. The Mayor, the Recorder and members of the Council and the Sanitary Board have been duly and properly appointed and elected, as applicable, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities. The Sanitary Board has been duly created and is validly existing as a sanitary board under the Act.

3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority and the DEP, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

4. The Ordinance has been duly enacted by the Council and is in full force and effect.

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the DEP and the Public Service Commission of West Virginia (the "PSC"), and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the order from the Public Service Commission of West Virginia entered on September 7, 2004, in Case No. 04-0656-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the order has not expired prior to the date hereof. However, the parties to such order have stated that they do not intend to appeal such order. Such order is in full force and effect.

7. The Issuer has duly published the required notice with respect to, among other things, the contents of the Ordinance and the public hearing thereof in accordance with Chapter 16, Article 13, Section 6 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bond, the collection of the Gross

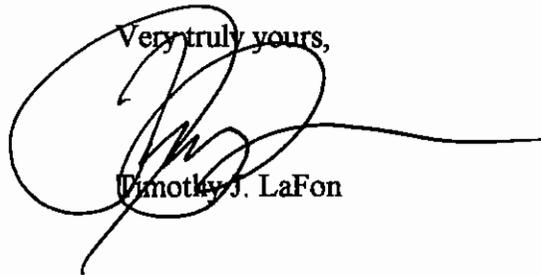
**CICCARELLO, DEL GIUDICE & LAFON**

**Revenues or the pledge of the Net Revenues for the payment of the Bond.**

9. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'Timothy J. LaFon', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Timothy J. LaFon

TJL/ds

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September 16, 2004

Town of Winfield  
1 Main Street  
Winfield, West Virginia 25213

West Virginia Department of  
Environmental Protection  
1560 Kanawha Boulevard, East  
Charleston, West Virginia 25311

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

Goodwin & Goodwin, LLP  
Post Office Box 2107  
Charleston, West Virginia 25328

Re: Final Title Opinion for Town of Winfield

Ladies & Gentlemen:

I am counsel to Town of Winfield (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipal corporation possessed with all the powers and authority granted to municipal corporations under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Department of Environmental Protection.
2. The Issuer has obtained all necessary permits and approvals for the construction

**CICCARELLO, DEL GIUDICE & LAFON**  
and operation of the Project.

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by S & S Engineers, Inc.
4. I have examined the records on file in the Office of the Clerk of the County Commission of Putnam County, West Virginia, the county in which the Project is to be located and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.
5. All deeds, easements and rights of way that have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Putnam County to protect the legal title to and interest of the Issuer.

Very truly yours,



Timothy J. LaFon

TJL/ds

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT
12. SPECIMEN BOND
13. BOND PROCEEDS
14. CONFLICTS OF INTEREST
15. VERIFICATION OF SCHEDULE
16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
17. CLEAN WATER ACT
18. PUBLIC SERVICE COMMISSION ORDER
19. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Winfield (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund), dated the date hereof (the "Bond" or the "Series 2004 Bond"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly enacted by the Town Council of the Issuer (the "Council") on August 10, 2004, and the Supplemental Resolution duly adopted by the Issuer on August 10, 2004 (collectively, the "Ordinance"), and the loan agreement for the Series 2004 Bond by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated August 4, 2004 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bond, the

acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer, the Council or the Sanitary Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System and the issuance of the Bond have been duly and timely obtained and remain in full force and effect. The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of engineering services to be paid from the proceeds of the Bond. 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 of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 2004 Bond shall be issued on a parity with the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994B Bonds and the Series 2003 Bond and senior and prior to the Series 1986 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 Bond on a parity with the Series 1986 A Bonds, the Series 1994 A Bonds, the Series 1994B Bonds and the Series 2003 Bond and senior and prior to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System.

5. **SIGNATURES AND DELIVERY:** The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bond for the Issuer. The seal impressed upon the Bond and this Certificate is the duly

authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign the Bond, consisting upon original issuance of a single Bond, dated the date hereof, by his manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bond and to be attested by her manual signature; and the Registrar did officially authenticate and deliver the Bond to a representative of the Authority as the original purchaser of the Bond under the Loan Agreement.

6. RATES: The Issuer has duly enacted a Sewer Rate Ordinance on September 9, 2003, setting forth the rates and charges for the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal of such rates. Such rates are currently in effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Winfield", and it is a municipal corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia in Putnam County of said State. The governing body of the Issuer is its Town Council, consisting of a Mayor, a Recorder and five council members, whose names and dates of commencement and termination of their current terms are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Claude J. Hunt - Mayor	July 1, 2003	June 30, 2005
Carolyn Pauley - Recorder	July 1, 2003	June 30, 2005
Nathan Fewell - Council member	July 1, 2003	June 30, 2005
Charles Keefer - Council member	July 1, 2003	June 30, 2005
Pauline Eshenaur - Council member	July 1, 2003	June 30, 2005
Dana Campbell - Council member	May 11, 2004	June 30, 2005
Joseph Rumbaugh - Council member	July 1, 2003	June 30, 2005

The duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

- Chairman - Claude J. Hunt
- Member - Daniel Forsythe, P.E.
- Member - Rodney Burns, Jr.

The duly appointed and acting attorney for the Issuer is Ciccarello, Del Giudice & LaFon of Charleston, West Virginia.

8. 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 can and will be acquired by purchase or, if necessary, by condemnation by the Issuer and are adequate for such purposes and

are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bond.

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bond and the construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Council, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

10. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Loan Agreement. All insurance for the System required by the Ordinance and the Loan Agreement are in full force and effect.

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

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

13. BOND PROCEEDS: On the date hereof, the Issuer received \$25,000 from the Authority and the DEP, being a portion of the principal amount of the Series 2004 Bond. The balance of the principal amount of the Series 2004 Bond will be advanced to the Issuer from time to time as construction of the Project progresses.

14. CONFLICTS OF INTEREST: No member, officer or employee of the Issuer or the Sanitary Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or the sale of any land,

materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bond, the Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

15. VERIFICATION OF SCHEDULE: The final amended Schedule A attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the construction of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bond. The Issuer has set aside \$13,435 of its own funds to pay the costs of the Project as set forth on the Schedule A.

16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Ordinance, an abstract thereof, determined by the Council to contain sufficient information as to give notice of the contents thereof, was published once each week for two successive weeks, with not less than six full days intervening between each publication, the first such publication occurring not less than ten days before the date stated below for the public hearing, in the *Putnam Democrat*, a qualified newspaper published and of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Ordinance had been adopted and that the Issuer contemplates the issuance of the Bond described in the Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of the Council on August 10, 2004, at 7:00 p.m., prevailing time, in the Council Chambers, Town Hall, 1 Main Street, Winfield, West Virginia, and present protests, and stating that a certified copy of the Ordinance was on file in the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing, all objections and suggestions were heard by the Council, and the Ordinance became finally enacted and effective as of the date of such public hearing and remains in full force and effect.

17. CLEAN WATER ACT: The Project, as described in the Ordinance, complies with Sections 208 and 303(e) of the Clean Water Act.

18. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the order from the Public Service Commission of West Virginia entered on September 7, 2004, in Case No. 04-0656-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the order has not expired prior to the date hereof. However, the parties to such order have stated that they do not intend to appeal such order. The Issuer hereby certifies that it will not appeal such order. Such order is in full force and effect.

19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Town of Winfield on this 16<sup>th</sup> day of September, 2004.

[SEAL]

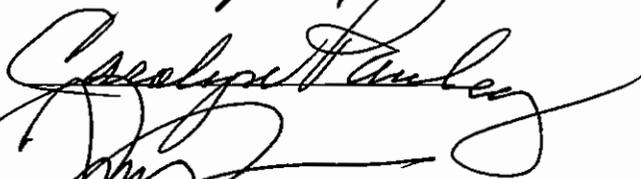
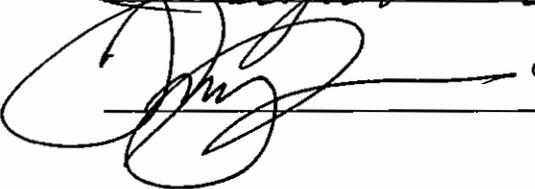
<u>Signature</u>	<u>Official Title</u>
	Mayor
	Recorder
	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 9)

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

CERTIFICATE OF ENGINEER

I, Ashok Sanghavi, Registered Professional Engineer, West Virginia License No. 6177, of S & S Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the existing public sewerage facilities (the "Project") of Town of Winfield (the "Town"), to be constructed in Putnam County, West Virginia, which acquisition and construction are being financed in part by the above-captioned revenue bond (the "Bond") of the Town. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Ordinance enacted by the Town Council of the Town and effective on August 10, 2004, and supplemented by a Supplemental Resolution adopted by the Council on August 10, 2004 (collectively, "Ordinance"), and the Loan Agreement by and among the Town, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") dated August 4, 2004.
2. The Bond is being issued for the purposes of (i) paying the costs of acquisition and construction of the Project and (ii) paying costs of issuance and related costs.
3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and in reliance upon the opinion of Ciccarello, DelGiudice & LaFon, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Smith, Cochran & Hicks, P.L.L.C., CPA, of even date herewith, as of the

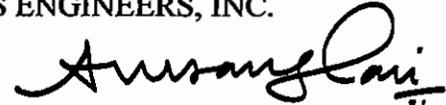
effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefore, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 16<sup>th</sup> day of September, 2004.

[SEAL]

S & S ENGINEERS, INC.

By:



Ashok Sanghavi, P.E.  
West Virginia License No.

6177

(Attach Final Schedule A)







**Smith, Cochran & Hicks, P.L.L.C.**

**Certified Public Accountants**

Beckley Bridgeport Charleston Montgomery

405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

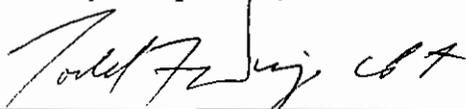
\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT

I, Todd F. Dingess of Smith, Cochran & Hicks, P.L.L.C., a Certified Public Accountant, License No. 2285, Charleston, West Virginia, have reviewed the sewer service rates set forth in the rate ordinance enacted by the Town of Winfield (the "Town") on September 9, 2003, and the projected operating expenses and anticipated customer usage provided by the Town. It is my opinion that such rates are adequate (i) to pay all operating expenses of the System, and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for payment of principal of and interest, if any, on the above-captioned Bond (the "Series 2004 Bond") and the Prior Bonds, as defined in the ordinance authorizing the Series 2004 Bond.

It is my further opinion that (i) the Net Revenues for the fiscal year following the year in which the Series 2004 Bond is issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2004 Bond; 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 2004 Bond, 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 2004 Bond, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds and the Series 2004 Bond.

WITNESS my signature as of this 16<sup>th</sup> day of September, 2004.

  
\_\_\_\_\_  
Certified Public Accountant

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

CERTIFICATE OF RECORDER AS TO TRUTH  
AND ACCURACY OF DOCUMENTS DELIVERED

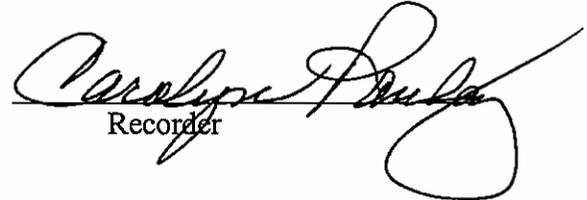
I, Carolyn Pauley, the duly elected Recorder of the Town of Winfield (the "Town"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$500,000 Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Bond Ordinance enacted and effective on August 10, 2004.
2. Supplemental Resolution adopted on August 10, 2004.
3. Petition of Sanitary Board adopted on July 14, 2004.
4. Loan Agreement dated August 4, 2004.
5. Public Service Commission Order.
6. Infrastructure and Jobs Development Council Approval.
7. Charter of Town of Winfield and Ordinance Creating Sanitary Board.
8. Oaths of Office of Mayor, Recorder, Members of Council and Sanitary Board.
9. Sewer Rate Ordinance, Minutes on Adoption of Sewer Rate Ordinance and Affidavit of Publication.
10. Minutes on Adoption of Bond Ordinance and Supplemental Resolution.
11. Affidavit of Publication of Bond Ordinance.
12. 1986 Bond Ordinance.
13. 1994 Bond Ordinance.
14. 2003 Bond Ordinance.

15. Rural Utilities Service Consent to Issuance of Bond.
16. Water Development Authority Consent to Issuance of Bond.
17. Evidence of Insurance.
18. NPDES Permit.

WITNESS my signature and the official seal of the Town of Winfield as of the 16<sup>th</sup> day of September, 2004.

(SEAL)

  
Recorder

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the Town of Winfield in Putnam County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$500,000 aggregate principal amount of Sewer Revenue Bond, Series 2004 (State Revolving Fund), of the Issuer, dated September 16, 2004 (the "Bond"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bond. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance duly enacted by the Issuer and effective on August 10, 2004, and supplemented by a Supplemental Resolution adopted by the Issuer on August 10, 2004 (collectively, "Bond Ordinance"), authorizing the Bond.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 16, 2004, the date on which the Bond is to be physically delivered in exchange for more than a de minimis amount of the principal of the Bond, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Ordinance pursuant to which the Bond is issued, the Issuer has covenanted that (i) it will restrict the use of the proceeds of the Bond in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bond, so that the Bond will not constitute an "arbitrage bond" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the

timely filing of a federal information return with respect to the Bond) so that the interest on the Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bond to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bond was sold on September 16, 2004, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated August 4, 2004, by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of \$500,000 (100% of par value), at which time, the Issuer received \$25,000 from the Authority and the DEP, being more than a de minimus amount of the principal of the Bond. No accrued interest has been or will be paid on the Bond. The balance of the principal amount of the Bond will be advanced to the Issuer as construction of the Project progresses.

7. The Bond is being delivered simultaneously with the delivery of this certificate and is issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bond and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bond for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bond to expenditures of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Bond, if any, all of the proceeds from the sale of the Bond, together with any investment earnings thereon, will be expended for payment of costs of construction of the Project on or before June 30, 2005. The construction of the Project is expected to be completed by March 31, 2005.

9. The total cost of acquisition and construction of the Project (including all costs of issuance of the Bond) is estimated to be \$513,435. Sources and uses of funds for the Project are as follows:

**SOURCES**

Gross Proceeds of the Bond	\$500,000
Issuer's Contribution	<u>13,435</u>
Total Sources	\$513,435

USES	
Construction of Project	\$504,935
Costs of Issuance	<u>8,500</u>
Total Uses	\$513,435

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

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued pursuant to the Prior Ordinances):

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund
- (3) Renewal and Replacement Fund;
- (4) Series 2004 Bond Trust Fund;
- (5) Series 2004 Bond Sinking Fund; and
- (6) Series 2004 Bond Reserve Account.

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

- (1) Bond proceeds in the amount of \$0 will be deposited in the Series 2004 Bond Reserve Account.
- (2) The balance of the proceeds of the Bond will be deposited in the Series 2004 Bond Trust Fund as received from time to time and applied solely to payment of costs of construction of the Project, including costs of issuance of the Bond and related costs, and for no other purpose.

The Issuer reasonably expects that (i) at least 85% of the net sale proceeds of the Bond will be spent on the Project within 3 years from the date of issuance of the Bond; (2) within 6 months of the date of issuance of the Bond the Issuer will incur a substantial binding obligation to a third party to expend at least 5% of the net sale proceeds of the Bond on the Project, and (iii) completion of the Project and allocation of the net sale proceeds of the Bond to expenditures of the Project will proceed with due diligence. Accordingly, amounts in the Series 2004 Bond Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bond will be used to reimburse the Issuer for costs of construction of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 2004 Bond Sinking Fund will be used solely to pay principal of and interest on the Bond and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 2004 Bond Reserve Account (if equal to the Series 2004 Bond Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2004 Bond Trust Fund, and following completion of the Project, will be deposited in the Series 2004 Bond Sinking Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2004 Bond Sinking Fund and the Series 2004 Bond Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bond, or which are pledged as collateral for the Bond and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bond, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bond, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bond, have been or will be pledged to payment of the Bond. Less than 10% of the stated principal amount of the Bond, if any, will be deposited in the Series 2004 Bond Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2004 Bond Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bond and will not exceed 125% of average annual principal and interest on the Bond. Amounts in the Series 2004 Bond Reserve Account, not to exceed 10% of the proceeds of the Bond, if invested, will be invested without yield limitation. The establishment of the Series 2004 Bond Reserve Account is required by the Authority, is vital to its purchase of the Bond and is reasonably required to assure payments of debt service on the Bond.

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

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 6 months of the date hereof.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of the Bond to the Authority.

17. With the exception of the amount deposited in the Series 2004 Bond Reserve Account, if any, all of the proceeds of the Bond will be expended on the Project within 9 months from the date of issuance thereof.

18. The Series 2004 Bond Sinking Fund (other than the Series 2004 Bond Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bond each year. The Series 2004 Bond Sinking Fund (other than the Series 2004 Bond Reserve Account therein) will be depleted at least once a year, except for a reasonable carryover amount not in excess of the greater of 1/12<sup>th</sup> of annual debt service on the Bond or 1 year's interest earnings on the Series 2004 Bond Sinking Fund (other than the Series 2004 Bond Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2004 Bond Sinking Fund for payment of the principal of or interest on the Bond (other than the Series 2004 Bond Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2004 Bond Sinking Fund (other than in the Series 2004 Bond Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. The amount designated as cost of issuance of the Bond consists only of costs that are directly related to and necessary for the issuance of the Bond.

20. All property financed with the proceeds of the Bond will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. No more than 10% of the proceeds of the Bond will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bond or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

22. The original proceeds of the Bond will not exceed the amount necessary for the purposes of the issue.

23. The Issuer shall use the proceeds of the Bond solely for the costs of construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

24. The Issuer shall not permit at any time or times any of the proceeds of the Bond or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bond from treatment afforded by Section 103(a) of the Code by reason of classification of the Bond as "private activity bond" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bond is excluded from gross income for federal income tax purposes.

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

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

27. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bond if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bond from gross income for federal income tax purposes.

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

29. The Issuer has either (a) funded the Series 2004 Bond Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bond in the then current or any succeeding year with the proceeds of the Bond, or (b) created the Series 2004 Bond Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2004 Bond Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bond in the then current or any succeeding year. Moneys in the Series 2004 Bond Reserve Account and the Series 2004 Bond Sinking Fund will be used solely to pay principal of and interest on the Bond and will not be available to pay costs of the Project.

30. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto,

then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bond subject to rebate.

31. The Issuer expects that no part of the Project financed by the Bond will be sold or otherwise disposed of prior to the last maturity date of the Bond.

32. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bond and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bond as may be necessary in order to fully comply with Section 148(f) of the Code and has covenanted to take such actions, or refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Ordinance authorizing issuance of the Bond.

33. The Issuer is a governmental unit and has general taxing powers; no Bond is a private activity bond; 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2004, the calendar year in which the Bond is issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed ( or, to the extent provided by the Secretary of the Treasury, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer. No portion of the Bond is issued to refund other obligations.

34. The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bond and the interest thereon. Less than 10% of the proceeds of the Bond will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bond will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bond, including the disproportionate related

business use of the proceeds of the Bond, and none of the payment of principal of, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bond. None of the proceeds of the issue of the Bond will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

35. The Issuer hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute a private activity bond as defined in Section 141 of the Code, and that not more than \$10,000,000 in aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bond, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2004.

36. The Bond is a fixed yield issue. No interest or other amount payable on the Bond (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

37. None of the Bond has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

38. No portion of the proceeds of the Bond will be used, directly or indirectly, to replace funds that were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

40. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bond is not occurring sooner than otherwise necessary, nor are the Bond in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

41. On the basis of the foregoing, it is not expected that the proceeds of the Bond will be used in a manner that would cause the Bond to be "arbitrage Bond" within the meaning of Section 148 of the Code.

42. On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bond and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the applicable Internal Revenue Service Center. The information contained in such executed Form 8038-G is true, correct and complete.

43. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances that would materially change the expectations herein expressed.

44. Goodwin & Goodwin, LLP is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bond.

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

WITNESS my signature on this 16<sup>th</sup> day of September, 2004.

TOWN OF WINFIELD

By: 

Mayor

(1)

EX PARTE

IN THE MATTER TO AMEND AND RE-ENACT THE CHARTER OF THE TOWN OF WINFIELD IN THE COUNTY OF PUTNAM.

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This day this matter came on again to be further heard upon the Petition of J.L.Middleton, J. Linders, F.D.Gilfillen, J.H. McAllister, B.L.Miles, J.B.Dudding and Jas. L. McKean, citizens residents and free-holders of said Town of Winfield, filed at the last term of this Court, the decrees and orders heretofore made and entered herein, the certificate and evidence of the publishing and posting of an attested copy of the decree entered herein at the last term of this Court, according to law, and upon the joint answer of H.C.Brown and G.W.McCallister, with general replication to said answer, and was argued by counsel. On consideration of all which the Court is of opinion that it would be <sup>to</sup> the interest of the citizens, residents and tax payers of said Town to grant the Prayer of the Petitioners. It is therefore adjudged, ordered and decreed that Chapter 45 of the Acts of the Legislature of 1868-incorporating the Town of Winfield in the County of Putnam, as amended and re-enacted by Chapter 38 of the Acts of the Legislature at the extraordinary session of 1868, be and the same is hereby Amended and Re-enacted by the Court so as to read as follows.

Sec. 1 The corporate limits and boundaries of the Town of Winfield, Putnam County, West Virginia, shall be as follows:

Beginning at the mouth of ferry branch, thence up said branch to a point at present the upper back corner of the late Judge J.W.Hoge's garden; thence along the back line of said garden as now located, and leaving the same in a direct line to a point where said line would be intersected by a continuance of the lower boundary line of the property of J.T.Bowyer; thence in a direct

line and with Bowyer's said boundary line to the Kanawha River, and thence up said river to the place of beginning.

Sec. 2. The municipal authorities of said town shall be a Mayor, Recorder and Five councilmen, who shall be freeholders therein, and who together shall form a Common Council.

Sec. 3. The Mayor, Recorder and Councilmen of said Town, and their successors in office, shall be a body politic and corporate by the name of " THE TOWN OF WINFIELD, and shall have perpetual session and a common seal, and by that name may sue and be sued, plead and be impleaded, purchase and hold real estate necessary to enable them <sup>the</sup> ~~to~~ better to discharge their duties, and needful for the good order, government and welfare of said Town. All the corporate powers of said corporation shall be exercised by said council or under their authority except where otherwise provided.

Sec. 4. There shall be a Town Sergeant, An Assessor and a Superintendent of roads, streets and alleys, appointed by the council, to continue in office during its pleasure, and to perform the duties respectively as herein prescribed, or as may be required by the council. The Sergeant shall be ex-officio Treasurer of said Corporation.

Sec. 5. The officers elected in said Town shall hold their offices until their successors are elected and qualified. The terms of all officers in said town shall commence on the first day of February in each year, and shall be for one year, and until their successors are elected and qualified according to law.

Sec. 6. The officers in said Town shall be elected on the first Thursday of January in every year, at such place in the Town, under such supervision, rules and regulations, not inconsistent with the laws regulating district elections, as the council may prescribe.

Sec. 7. Every person elected or appointed to an office

in said corporation, shall within twenty days after his election or appointment, and before he shall enter upon the duties of his office, take and subscribe the oath of office prescribed for district officers; which may be done before any person authorized by law to administer oaths, or before the Mayor or Recorder of said Town, which oath, with the certificate of the officer administering the same, shall be filed with the Recorder of the Town.

Sec. 8- All persons who have been bona fide residents of said Town for six months next preceeding the election held therein, at which they offer to vote, and who are qualified voters under the Constitution and Laws of this State, and none others, shall be entitled to vote at any election held in said Town. But no person shall be deemed a resident of said Town by reason of being a student in any school or college therein, or being stationed therein for any temporary purpose.

Sec. 9 When a vacancy shall occur from any cause in the office of Mayor, Recorder, or in the Council, the vacancy shall be filled by appointment by the Council from among the citizens of the Town eligible under this Chapter,

Sec. 10- The Mayor, Recorder and Councilmen, must be residents of said Town and entitled to vote for members of its Common Council.

Sec. 11- Whenever two or more persons, shall receive an equal number of votes for the same office, if such number be the highest cast for such office, the persons under whose supervision the election was held shall decide by lot which of them shall be returned as elected, and shall make their return accordingly.

Sec. 12- All contested elections shall be heard and decided by the Council.

Sec. 13- The Council shall be presided over at its

meetings by the Mayor, or in the absence by the Recorder; or in the absence of both Mayor and Recorder, by one of the Councilmen selected by a majority of the council present; and a majority of the council shall be necessary to form a quorum for the transaction of business. But no member of the council of the Town, shall vote upon any order, measure, resolution or proposition to which he may be interested, other than as a citizen of said Town.

Sec. 14- The Council shall cause to be kept, in a well bound book, an accurate record of all its proceedings, by-laws, acts, orders and resolutions, which shall be fully indexed, and open to the inspection of any one who is required to pay taxes to said Town.

Sec. 15- At each meeting of the Council, the proceedings of the last meeting shall be read, and corrected, if erroneous and signed by the presiding officer for the time being. Upon the call of any member, the yeas and nays on any question shall be taken and recorded in the Journal.

Sec. 16- The Mayor, and Recorder, shall have votes as members of the Council, and in case of a tie, the presiding officer for the time being, shall have the casting vote.

Sec. 17- The Council of said Town shall have power therein to lay off, vacate, close, open, alter, curb, pave and keep in good repair roads, streets, alleys, sidewalks, crosswalks, drains and gutters, for the use of the public, or of any citizen thereof and to improve and light the same, and have them kept free from obstructions on or over them, to regulate the width of sidewalks on the streets, and to order the sidewalks, footways, crosswalks, drains and gutters to be curbed and paved, and kept in good order, free and clean, by the owners or occupants thereof, or of the real property next adjacent thereto; to establish and regulate markets, to prescribe the times of holding the same; to prevent injury of annoyance to the public or individuals

from anything dangerous, offensive or unwholesome; to prevent hogs, cattle, horses, sheep and other animals, and fowls of all kinds from going at large in said Town; to protect places of Divine Worship, Schools, or Societies formed for intellectual improvements, or for improvement in music either vocal or instrumental, or for any moral and social amusement in and about the premises where held; to abate or cause to be abated anything which, in the opinion of a majority of the whole Council, shall be a nuisance; to regulate the keeping of gunpowder and other combustibles; to provide in or near the Town places for the burial of the dead, and regulate interment therein; to provide for the regular building of houses or other structures, and for the making of division fences by the owners of adjacent premises, and the drainage of Lots by the proper drains and ditches; to make regulations guarding against danger or damage by fire; to prevent the illegal sales of all intoxicating liquors, drinks, mixtures and preparations therein; to protect the persons and property of all the citizens of said Town and preserve peace and good order therein; and for this purpose to appoint, when necessary, a Police force to assist the Sergeant in the discharge of his duties; to prescribe the powers and define the duties of the officers appointed by the Council, fix their terms of service and compensation, require and take from them bonds, when deemed necessary, payable to said Town in its corporate name, with such sureties and in such penalty as the Council may see fit, conditioned for the faithful discharge of their duties; to erect, or authorize or prohibit the erection of gas works, or water works in the Town to prevent injury to or pollution of the same, or to the water or healthfulness thereof; to regulate and provide the weighing of hay, coal, and other articles sold or for sale in the Town, and

to provide a revenue for the town, and appropriate the same to its expenses; to provide for the annual assessment of taxable property therein, to adopt rules for the transaction of business, and the government and regulation of its own body.

Sec. 18- To carry into effect these enumerated powers and all others conferred upon said Town or its Council, by this Charter or by any future Acts of the Legislature of this State, the Council shall have the power to make and pass all needful orders, bylaws, ordinances, resolutions, rules and regulations, not contrary to the Constitution and Laws of this State; and to prescribe, impose and enact reasonable fines, penalties and imprisonments in the County Jail or <sup>place</sup> ~~place~~ of imprisonment in said corporation, if there be one, for a term not exceeding thirty days, for a violation thereof. Such fines, penalties and imprisonments shall be recovered, and enforced under the judgment of the Mayor of said Town, or the person lawfully exercising his functions.

Sec. 19- The Council shall cause to be annually made up and entered upon its Journal an accurate estimate of all sums which are or may become lawfully chargeable on said Town, and which ought to be paid within one year, and it shall order a Levy or so much as may, in its opinion be necessary to pay the same.

Sec. 20- The levy so ordered shall be upon all dogs in said Town and upon all the real and personal estate therein, subject to State and County taxes; provided, that the taxes so levied upon property shall not exceed one dollar on every hundred dollars of the value thereof.

Sec. 21- Every male resident of said Town not under twenty one not over fifty years of age, shall if required by the Council thereof, work not exceeding two days, by himself or an acceptable substitute, on the roads, streets and alleys,

of said Town under the direction of the Superintendent of roads, streets and alleys, or may be released from such work upon the payment ~~to~~ the Superintendent of such amount as may be fixed by the Council; the money so paid to be used in the improvement of said roads, streets and alleys; and if such work and money so paid is not sufficient to ~~use in~~ <sup>but and</sup> keep the roads, streets, alleys, sidewalks, cross-walks, drains, and gutters of said Town in good repair, the Council thereof shall levy a tax on all the subjects of taxation therein sufficient for that purpose and to pay all other expenses incident thereto.

Sec. 22 Whenever anything for which a State License is required is to be done within said Town, the Council may require a Town License therefor, and may impose a tax thereon for the use of the Town. But no license to sell, offer or expose for sale, any brandy, whisky, rum, gin, wine, porter, ale or beer, or any other spirituous, ~~winous~~ <sup>vinous</sup> or malt liquor, or any intoxicating liquor, drink, mixture or preparation whatever within said Town or within two miles of the corporate limits thereof, unless it be within another incorporate City or Town or Village, shall be authorized or granted, except as provided in Chapter Thirty-two of the Code of West Virginia. The council shall require from every person so licensed, a bond with good security to be approved by the council, in a penalty of at least three ~~hundred~~ thousand five hundred dollars, payable to said Town ~~by~~ by its corporate name, conditioned as prescribed in Section Eighteen of Chapter Thirty Two of the Code of West Virginia, and may revoke such license at any time the condition of said bond be broken, upon ten days previous notice to the person holding the same. And suits may be prosecuted and maintained on such bonds as prescribed in said section of said chapter, by the same persons, in the same manner and to the same extent as upon the bonds mentioned in said section, and all the provisions

of said section relating to the bonds therein mentioned, shall be applicable to the bonds required by this section.

Sec. 23- If the owner or occupier of any sidewalk, footway or gutter, in said Town, or of the real property next adjacent thereto, shall fail or refuse to curb, pave or keep the same clean, it shall be the duty of the Council to cause the same to be done at the expense of the town, and to assess the amount of such expense upon such owner or occupant, and the same may be collected by the ~~Sergeant~~ Sergeant in the same manner herein provided for the collection of the Town taxes.

Sec 24. It shall be the duty of the Sergeant to collect the Town taxes, fines, levies and assessments, and in case the same are not paid within one month after they are placed in his hands for collection, he may distrain and sell therefor in like manner as the officer collecting the State taxes may x distrain therefor, and shall have in all other respects the same power to enforce the payment and collections thereof. And the said Sergeant shall have all the powers, rights and privileges within the corporate limits of said Town in regard to the arrest of persons, the collection of claims, and the execution and return of process that can be legally exercised by the Constable of a District within the same, and he shall be entitled to the same compensation therefor, and he and his sureties shall be liable to all the fines, penalties and forfeitures that a Constable or a District is liable to, for any failure or dereliction in said office, to be recovered in the same manner and in the same Courts that the said fines, penalties and forfeitures are now recovered against such Constable. The Sergeant shall, before entering upon the duties of his office, execute a bond, conditioned according to law, with surety satisfactory to the Council, payable to the Town, in the penalty not less than One Thousand Dollars, as the Council may prescribe.

~~Sec~~ Sec. 25- There shall be a lien on real estate within said Town for the Town taxes assessed thereon, and for all other assessments, fines and penalties assessed or imposed upon the owners thereof by the authorities of said Town, <sup>from</sup> ~~for~~ the time the same are so assessed or imposed, which shall priority over all other liens, except the liens for taxes due the State, County and District, and may be enforced by the Council in the same manner now provided by law for the enforcement of the lien for county taxes, or in such other manner as the Council may by ordinance prescribe. If any real estate within said Town be returned delinquent for the non-payment of the taxes thereon a copy of such delinquent list may be certified by the Council to the Auditor, and the same may be sold for the taxes, interest and commissions thereon, in the same manner, at the same time and by the same officer as real estate is sold for the non-payment of State taxes.

Sec. 26- It shall be the duty of the Sergeant at least once in six months, during the continuance of his office, and oftener if required by the Council, to render an account of the taxes, fines, penalties, assessments and other claims in his hands for collection, and return a list of such as he shall not have been able to collect by reason of insolvency, removal or other cause; to which list he shall make an affidavit that he has used due diligence to collect same, butk has been unable to do so; and if the Council shall be satisfied of the correctness of said list, it shall allow the Sergeant a credit for said claims. He shall receive <sup>for</sup> his services in the collection of taxes and assessments, a compensation, to be fixed by the council, of not exceeding five per centum on the amount duly collected and accounted for. He shall pay any money in his hands belonging to the Town upon the order of the Council.

Sec. 27- If the Sergeant shall fail to collect, account

for and pay over all or any moneys with which he may be chargeable, belonging to the Town, according to the conditions of his bond and the orders of the council, it shall be lawful for the council to recover the same by action or motion, in the corporate name of the Town, in the Circuit Court of Putnam County; or where the sum does not exceed three hundred dollars, before a Justice of Scott District, against the Sergeant and his sureties, or any or either of them, or his or their executors or administrators, on giving ten days notice of such motion.

Sec. 28- The Mayor shall be the chief executive officer of the Town, and shall take care that the orders, by-laws, ordinances, acts and resolutions of the council thereof, are faithfully executed. He shall be ex-officio a Justice and Conservator of the peace within the Town. and shall within the same, have possess and exercise all the powers and 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 out of the corporate limits of the Town. He shall have the same power to issue attachments in civil suits as a Justice of Putnam County, has, though the cause of action arouse out of the Town. But in such case he shall have no power to try the same, but said attachments shall be returnable and be heard before some Justice of Putnam County. Any warrant or other process, issued by him may be executed at any place within the County. He shall have control of the Police of the Town, and may appoint special police officers whenever he deems it necessary; and it shall be his duty especially to see that the peace and good order of the Town are preserved, and that persons and property therein be protected, and to this end he may cause the arrest and detention of all riotous and disorderly persons in the Town before issuing his warrant therefor. He shall have the power to issue executions for all fines penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such

payment, he may commit the party in default to the jail of Putnam County, or other place of imprisonment in said corporation, if there be one, until the fine or penalty and costs shall be paid; but the term of imprisonment in such case shall not exceed thirty days. He shall, from ~~this~~ time to time, recommend to the Council such measures as he may deem needful for the welfare of the Town. The expense of maintaining any person committed to the jail of the County by him, except it be to answer an indictment, or be under the provisions of section two hundred and twenty seven and two hundred and twenty eight of Chapter fifty of the Code of West Virginia, shall be paid by the Town.

But the Mayor shall not receive any money belonging to the State, or to individuals, unless he shall give bond and security, required of a Justice of the Peace by Chapter fifty of the Code of West Virginia; and all the provisions of said Chapter relating to moneys received by Justices shall apply as to like moneys received by said Mayor.

Sec. 29- It shall be the duty of the Recorder to keep the Journal of the proceedings of the Council, and have charge of and preserve the records of the Town. In the absence from the town, or sickness, of the Mayor, or during any vacancy in the office of Mayor, he shall perform the duties of the Mayor and be invested with all his powers.

Sec. 30- It shall be the duty of the Assessor to make an assessment of the property within the Town subject to taxation, substantially in the manner and form in which assessments are made by the Assessor of the County, and return the same to the council on or before the first day of May in each year, and for this purpose he shall have all the powers conferred by law on County Assessors. He shall list the number of dogs in the town, and the names of the persons owning same, which list shall be returned to the council.

§ Sec. 31- The Mayor, Recorder, Assessor and Superintendent of roads streets and alleys of said corporation, shall each receive a compensation for his services, to be fixed by the council, which shall not be increased or diminished during the term for which he shall have been elected.

Sec. 32- The inhabitants of said Town provided it constructs and keeps in good repair, the roads, streets, alleys, sidewalks and gutters within the same, shall not be required to pay any district road taxes, assessed by the county court, or to perform any labor on the roads outside of the corporate limits of the Town; nor shall the inhabitants of said Town or while it provides for its own poor, be required to pay any poor levies assessed by the county court for the support of the poor outside of said corporate limits; but beyond this the taxable property in said town shall <sup>not</sup> be exempt from the payment of county levies for any purpose for which such levy may be lawfully laid, by reason of any provision in its Charter or Act of Incorporation or otherwise.

Sec. 33 The condemnation of real estate for roads, streets, alleys, drains and gutters in said corporation, shall be as prescribed in Chapter 42 of the Code of West Virginia, and shall be at the expense of the corporation.

And it is further adjudged ordered and decreed that the council of the Town of Winfield, out of the funds of said corporation provide for the payment of the costs of this proceeding.

And there being nothing further to be done this matter is ordered to be retired from the docket.

F.A.GUTHRIE

Judge of the 7th Judicial  
Circuit of West Virginia.

Attest:

H.L. Judge, Clerk, By Allen Handley, Deputy.

State of West Virginia,  
County of Putnam, SS:

I, J.W. Anderson, Clerk of the Circuit Court of Putnam County, West Virginia, do certify that this is a true copy of the order recorded in my office, in Chancery Order Book No. 3 at pages 507-516, September Term, 1889., Signed F.A. Guthrie Judge.

This the 27th day of September, 1946.

## OATH OF OFFICE

**STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:**

I, Claude "Jake" Hunt do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of Mayor of the Town of Winfield, Winfield, West Virginia, commencing July 1<sup>st</sup>, 2003, to the best of my skill and judgement, SO HELP ME GOD.



Claude J. Hunt, Mayor

Subscribed and sworn to before the undersigned this 30<sup>th</sup> day of June 2003.



N. Edward Eagloski  
Circuit Judge  
Putnam County  
West Virginia

**ATTEST:**



Linda Hunt  
Witness

## OATH OF OFFICE

STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:

I, Carolyn Pauley do solemnly swear that I will support the  
Constitution of the United States and the Constitution of the State of West  
Virginia; the code of the Town of Winfield, and that I will faithfully  
discharge the duties of Recorder of the Town of Winfield,  
Winfield, West Virginia, commencing July 1<sup>st</sup>, 2003, to the  
best of my skill and judgement, SO HELP ME GOD.

  
Carolyn Pauley, Recorder

Subscribed and sworn to before the undersigned this 30<sup>th</sup> day of June 2003.

  
N. Edward Eagloski  
Circuit Judge  
Putnam County  
West Virginia

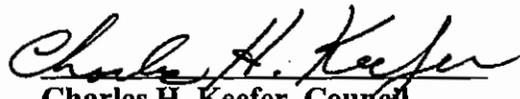
ATTEST:

  
Witness

## OATH OF OFFICE

**STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:**

I, Charles H. Keefer do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of the office of Council Member of the Town of Winfield, Winfield, West Virginia, commencing July 1<sup>st</sup>, 2003, to the best of my skill and judgement, SO HELP ME GOD.

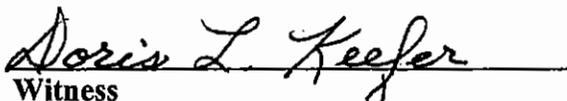
  
Charles H. Keefer, Council

Subscribed and sworn to before the undersigned this 30<sup>th</sup> day of June 2003.



N. Edward Eagloski  
Circuit Judge  
Putnam County  
West Virginia

ATTEST:

  
Witness

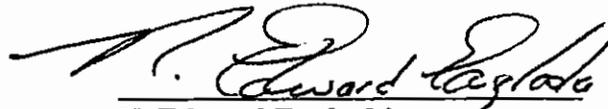
## OATH OF OFFICE

STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:

I, Pauline Eshenaur do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of the office of Council Member of the Town of Winfield, Winfield, West Virginia, commencing July 1<sup>st</sup>, 2003, to the best of my skill and judgement, SO HELP ME GOD.

  
Pauline Eshenaur, Council

Subscribed and sworn to before the undersigned this 30<sup>th</sup> day of June 2003.

  
N. Edward Eagloski  
Circuit Judge  
Putnam County  
West Virginia

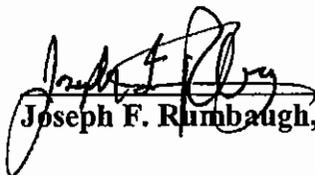
ATTEST:

  
Witness

## OATH OF OFFICE

STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:

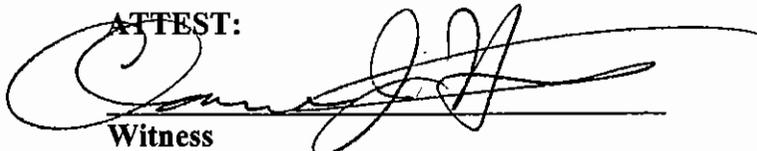
I, Joseph F. Rumbaugh do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of the office of Council Member of the Town of Winfield, Winfield, West Virginia, commencing July 1<sup>st</sup>, 2003, to the best of my skill and judgement, SO HELP ME GOD.

  
Joseph F. Rumbaugh, Council

Subscribed and sworn to before the undersigned this 30<sup>th</sup> day of June 2003.

  
N. Edward Eagloski  
Circuit Judge  
Putnam County  
West Virginia

ATTEST:

  
Witness

## OATH OF OFFICE

STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:

I, Nathan K. Fewell do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of the office of Council Member of the Town of Winfield, Winfield, West Virginia, commencing July 1<sup>st</sup>, 2003, to the best of my skill and judgement, SO HELP ME GOD.

  
Nathan K. Fewell, Council

Subscribed and sworn to before the undersigned this 30<sup>th</sup> day of June 2003.

  
N. Edward Eagloski  
Circuit Judge  
Putnam County  
West Virginia

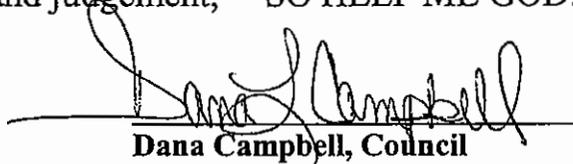
ATTEST:

  
Witness

## OATH OF OFFICE

STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:

I, Dana Campbell do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of the office of Council Member of the Town of Winfield, Winfield, West Virginia, commencing May 11, 2004, to the best of my skill and judgement, SO HELP ME GOD.

  
Dana Campbell, Council

Subscribed and sworn to before the undersigned this 11<sup>th</sup> day of May 2004.

  
Claude J. Hunt  
Mayor  
Town of Winfield  
West Virginia

ATTEST:

  
Witness

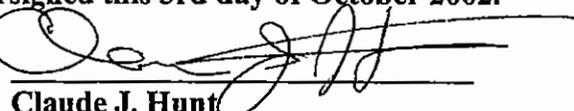
## OATH OF OFFICE

**STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:**

I, Daniel Forsythe do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of member of the Winfield Sanitary Board, Winfield, West Virginia, commencing October 1, 2002, to the best of my skill and judgement, SO HELP ME GOD.

  
Daniel Forsythe

Subscribed and sworn to before the undersigned this 3rd day of October 2002.

  
Claude J. Hunt  
Mayor  
Town of Winfield, Putnam County  
West Virginia

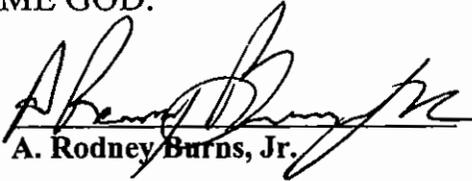
ATTEST:

  
WITNESS

## OATH OF OFFICE

**STATE OF WEST VIRGINIA  
COUNTY OF PUTNAM  
TOWN OF WINFIELD, to wit:**

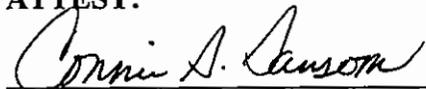
I, A. Rodney Burns Jr. do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; the code of the Town of Winfield, and that I will faithfully discharge the duties of member of the Winfield Sanitary Board, Winfield, West Virginia, commencing July 1, 2003, to the best of my skill and judgement, SO HELP ME GOD.

  
A. Rodney Burns, Jr.

Subscribed and sworn to before the undersigned this 10th day of July, 2003.

  
Claude J. Hunt  
Mayor  
Town of Winfield, Putnam County  
West Virginia

ATTEST:

  
WITNESS

**MINUTES OF THE WINFIELD TOWN COUNCIL  
REGULAR MEETING  
July 20, 2004, 7:00 p.m.**

**Present:** Claude Hunt, Mayor  
Nathan Fewell  
Joe Rumbaugh  
Carolyn Pauley, Recorder  
Charles Keefer  
Dana Campbell

**Absent:** Pauline Eshenaur

**Staff Present:** Connie Sansom, Town Clerk  
Tim LaFon, Attorney  
Jeff Stevenson, Police Chief

**PROCLAMATION**

A proclamation in memory of Winfield Municipal Judge Jack T. Gribben 1999 - 2004 was presented to his family.

**OPENING**

The July 20, 2004 regular meeting of the Winfield Town Council was called to order at 7:00 p.m. at the Town Hall. Mayor Claude Hunt chaired the meeting and Carolyn Pauley recorded the minutes. Meeting opened with prayer and the Pledge of Allegiance.

**PUBLIC/GUESTS**

Reverend Steve Buttom - New Pastor of Faith Baptist Church, Mr. Guy Nisbet - Winfield Senior Citizens, James Ramsey and Robert Vanater.

**APPROVAL OF MINUTES**

Motion was made by Charles Keefer and seconded by Nathan Fewell, that the minutes of the June 8, 2004 meeting be approved.

**Approved.**

**FINANCIAL**

**June, 2004 Bill Approval.** It was moved by Charles Keefer with second by Nathan Fewell that the June, 2004 bills be approved. **Approved.**

Page2 MINUTES Winfield Town Council 7-20-04

**Financial Report - General Fund - June, 2004.** Balance of General Fund for June 30, 2004 - \$397,308.19 accepted as reported.

**Financial Report - Coal Severance Fund - June, 2004.** Balance of Coal Severance Fund for June 30, 2004 - \$15,585.76 accepted as reported.

**Approval Year-End General Fund Budget Revision 04-05-1.** On motion by Charles Keefer and second by Carolyn Pauley, it was voted to revise the year-end budget as follows:

REVENUE:					
Acct. # 299	Unencumbered Balance	Increase	\$10,908	to	\$397,308
301		Decrease	- 630	to	\$177,227
EXPENDITURES:					
Acct.# 7416-35	Unencumbered Balance	Increase	\$ 3,000	to	\$ 24,000
7706-30			2,000	to	4,000
7900-56			462	to	3,462
7903-30			4,816	to	6,316

Discussion. **Approved.**

**Approval Year-End Coal Severance Budget Revision 04-05-1.** On motion by Charles Keefer and second by Nathan Fewell, it was voted to revise year-end budget as follows:

REVENUE:					
Acct.# 299	Unencumbered Balance	Increase	\$10,386	to	\$ 15,586
EXPENDITURES:					
Acct.# 805-56	Unencumbered Balance	Increase	7,386	to	\$ 7,386
950-41			3,000	to	7,000

Discussion. **Approved.**

## REPORTS, QUESTIONS, DISCUSSIONS

**1. Police & Municipal Court Activity.** Police and Municipal Court reports were prepared for council to review. Discussion.

**2. Cash Lane - Unkempt Property.** Some items removed and property partially mowed. Small patch of plowed, rough ground not Yet mowed.

**3. Weed Notices.** Harrison-Reed and Courtland Smith properties were mowed as requested.

**4. Adelpia Cable - Cable Card.** Customers notified of availability of cable card.

**Page 3 MINUTES Winfield Town Council**

**5. Earl Richard - PSC.** On July 9, 2004, Mr. Earl Richard, 31A Riverview Drive, filed to reopen a formal complaint with the WV Public Service Commission originally dated March 27, 1992, in regard to dissatisfaction with sewer service at the above address. Attorney Tim LaFon preparing reply.

**6. Annex Appeal.** Briefs have been filed - awaiting judge's decision.

**ORDINANCE RELATED**

**1. Third Reading Sewer Ordinance Amendment - Deposit Increase.** Postponed until published.

**2. Petition - Sanitary Board - For Sewer Board Ordinance.** Charles Keefer made motion with second by Nathan Fewell to enact ordinance as requested by the Winfield Sanitary Board. Discussion.  
**Approved.**

**3. First Reading 04-05-2 Sewer Board Ordinance.** Dana Campbell made motion with second by Charles Keefer to approve the First Reading 04-05-2 Sewer Board Ordinance as follows:

**TOWN OF WINFIELD**

**ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WINFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,00 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES SERIES 2004 (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING, AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

Discussion. **Approved.**

**UNFINISHED BUSINESS**

**Appointment of Planning Commission Member - Term 7-21-04 to 12-31-04.** Mayor Hunt nominated Betty Stone of Mariners Landing To fill position. Nathan Fewell made motion with second by Charles Keefer to approve appointment of Mrs. Stone. **Approved.**

**NEW BUSINESS**

**1. Resolution - Division of Criminal Justice Grant.** Charles Keefer made motion with second by Joe Rumbaugh authorizing Mayor to act on behalf of Town to enter into contractual agreement. The Drug and Violent Crime Control Grant for \$24,746 will help fund the Prevention Resource Office Lucas's salary and the Youth Academy. Discussion.

**Approved.**

**2. Ordinance Violations.** Issues expected to be resolved. No action needed.

**3. Special Session July 27, 2004 - Second Reading Sewer Bond.**

Due to the date of the bond hearing, a special session must be requested on July 27, 2004 only to consider the second reading of the Sewer Bond. The public hearing and third reading will be at the regular meeting on August 10, 2004. Dana Campbell made motion with second by Nathan Fewell to hold special session July 27, 2004 at 6:30 p.m. **Approved.**

**4. Raise Annual Rent of Sanitary Board.** Charles Keefer made motion with second by Dana Campbell, to raise annual rent of Sanitary Board from \$600 to \$4,000 since the Board shares office space,, copier, supplies, personnel, etc. Discussion. **Approved.**

**ADJOURNMENT**

Regular meeting adjourned at 8:09 p.m. until the Special Session on July 27, 2004 at 6:30 p.m.



\_\_\_\_\_  
**Claude Hunt, Mayor**



\_\_\_\_\_  
**Carolyn Pauley, Recorder**

**NEW BUSINESS**

**1. Resolution - Division of Criminal Justice Grant.** Charles Keefer made motion with second by Joe Rumbaugh authorizing Mayor to act on behalf of Town to enter into contractual agreement. The Drug and Violent Crime Control Grant for \$24,746 will help fund the Prevention Resource Office Lucas's salary and the Youth Academy. Discussion. **Approved.**

**2. Ordinance Violations.** Issues expected to be resolved. No action needed.

**3. Special Session July 27, 2004 - Second Reading Sewer Bond.** Due to the date of the bond hearing, a special session must be requested on July 27, 2004 only to consider the second reading of the Sewer Bond. The public hearing and third reading will be at the regular meeting on August 10, 2004. Dana Campbell made motion with second by Nathan Fewell to hold special session July 27, 2004 at 6:30 p.m. **Approved.**

**4. Raise Annual Rent of Sanitary Board.** Charles Keefer made motion with second by Dana Campbell, to raise annual rent of Sanitary Board from \$600 to \$4,000 since the Board shares office space,, copier, supplies, personnel, etc. Discussion. **Approved.**

**ADJOURNMENT**

Regular meeting adjourned at 8:09 p.m. until the Special Session on July 27, 2004 at 6:30 p.m.



**Claude Hunt, Mayor**



**Carolyn Pauley, Recorder**

**MINUTES OF THE WINFIELD TOWN COUNCIL  
SPECIAL MEETING  
July 27, 2004, 6:30 p.m.**

**Present:** Claude Hunt, Mayor  
Dana Campbell  
Pauline Eshenaur  
Nathan Fewell  
Carolyn Pauley, Recorder  
Charles Keefer  
Joe Rumbaugh

**Staff Present:** Connie Sansom, Town Clerk  
Fred Rinehart

**OPENING**

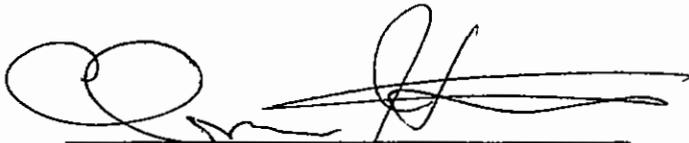
The July 27, 2004 special meeting of the Winfield Town Council was called to order at 6:30 p.m. at the Town Hall. Mayor Claude Hunt chaired the meeting and Carolyn Pauley recorded the minutes. Meeting opened with prayer and the Pledge of Allegiance.

**ORDINANCE RELATED**

**Second Reading 04-05-2 Sewer Bond Ordinance.** Charles Keefer made a motion with second by Nathan Fewell, to approve the Second Reading of the Sewer Bond Ordinance. **Approved.**

**ADJOURNMENT**

Special meeting adjourned at 6:45 p.m. on motion by Nathan Fewell.



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**Claude Hunt, Mayor**



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**Carolyn Pauley, Recorder**

**MINUTES OF THE WINFIELD TOWN COUNCIL  
REGULAR MEETING AND PUBLIC HEARING  
August 10, 2004, 7:00 p.m.**

**Present:** Claude Hunt, Mayor  
Dana Campbell  
Pauline Eshnaur  
Nathan Fewell  
Carolyn Pauley, Recorder  
Charles Keefer  
Joe Rumbaugh

**Staff Present:** Connie Sansom, Town Clerk  
Tim LaFon, Attorney  
Jeff Stevenson, Police Chief  
Johnny Hodge, Director of Public Works  
Fred Rinehart, Policeman

**PROCLAMATION**

Proclamations were presented honoring Dr. Sam Sentelle, Carl Burford and Sid Linville.

**OPENING**

The August 10, 2004 regular meeting of the Winfield Town Council was called to order at 7:00 p.m. at the Town Hall. Mayor Claude Hunt chaired the meeting and Carolyn Pauley recorded the minutes. Meeting opened with prayer and the Pledge of Allegiance.

**PUBLIC/GUESTS**

Grover Call, Guy Nisbet, Earl Richard, Brent Spradling, and Bill Bragg.

**APPROVAL OF MINUTES**

Motion was made by Charles Keefer and seconded by Joe Rumbaugh, that the minutes of the July, 20, 2004 meeting be approved. **Approved.**

Motion was made by Charles Keefer and seconded by Pauline Eshnaur, that the minutes of the special meeting July 27, 2004 be approved. **Approved.**

**FINANCIAL**

**July, 2004 Bill Approval.** It was moved by Charles Keefer with second by Nathan Fewell that the July, 2004 bills be approved. **Approved.**

**Financial Report - General Fund - July, 2004.** Balance of General Fund for July 31, 2004 - \$376,501.86 (less interest) accepted as reported.

**Financial Report - Coal Severance Fund - July, 2004.** Balance of Coal Severance Fund for July,31,2004 - \$15,585.76 accepted as reported.

**Budget Revision General Fund 01 - Clarification.** Line item omitted from prior report brought to Council's attention. No change in report totals.

**Vendor Payment Listing - Fiscal Year 2003 - 2004 General Fund.** Vendor payment listing provided for Council to review.

### **REPORTS, QUESTIONS, DISCUSSIONS**

**1. Police & Municipal Court Activity.** Police and Municipal Court reports were prepared for council to review. Discussion.

**2. Earl Richards PSC Complaint.** Awaiting PSC decision.

**3. Annexation Appeal** - Briefs have been filed - awaiting judge's decision.

### **ORDINANCE RELATED**

**1. Third Reading, Public Hearing Sewer Ordinance - Security Deposit - Amendment 2003-2004-05.** No public comment. Nathan Fewell made motion with second by Pauline Eshenaur to approve Third Reading and Adoption of Sewer Ordinance Amendment 2003-2004-05. Discussion. **Adopted.**

**2. Public Hearing, Third Reading Sewer Bond Ordinance 2004-2005-02.** Bill Bragg, of Goodwin & Goodwin - Bond Counsel, conducted the public hearing for the sewer bond ordinance. There was no public comment. Charles Keefer made motion with second by Pauline Eshenaur to approve Third Reading and Adoption of Sewer Bond Ordinance 2004-2005-02. **Adopted.**

**3. Supplemental Resolution Bond Ordinance (2004-2005-02)** Joe Rumbaugh made motion to approve the Supplemental Resolution Bond Ordinance with second by Nathan Fewell. Bond closing will be September 9, 2004. Discussion. **Adopted.**

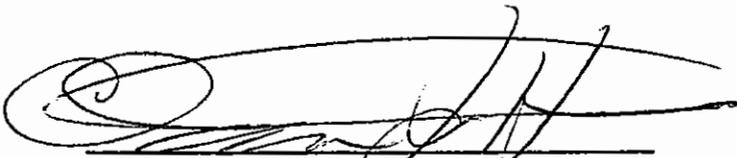
Page 3 MINUTES Winfield Town Council 8-10-04

## UNFINISHED BUSINESS

**1. Cemetery Maintenance.** Cemetery Maintenance Committee received bid from Jerry's Tree Service to cut 9 trees, remove 9 stumps, fill holes and level, take off lower limbs on 3 trees, rake, clean up and haul away trees at a cost of \$5,600. Nathan Fewell made motion to approve bid with second by Joe Rumbaugh. **Approved.**

## ADJOURNMENT

Nathan Fewell made motion that meeting adjourn at 7:37 p.m. until the next scheduled meeting September 14, 2004.

A handwritten signature in black ink, appearing to read 'Claude Hunt', written over a horizontal line.

**Claude Hunt, Mayor**

A handwritten signature in black ink, appearing to read 'Carolyn Pauley', written over a horizontal line.

**Carolyn Pauley, Recorder**

**LEGAL NOTICE**

**TOWN OF WINFIELD  
NOTICE OF PUBLIC HEARING AND  
ABSTRACT OF BOND ORDINANCE**

Notice is hereby given to any person interested that on August 10, 2004, the Council of the Town of Winfield (the "Issuers") expects to enact an ordinance which, among other things:

1. Will authorize the construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing public sewerage system (the "System") and the financing of the cost through the issuance of not more than \$500,000 in aggregate principal amount of its Sewer Revenue, Series 2004 (State Revolving Fund) (the "Bond").

2. Will direct that the Bond be issued in such principal amount, bear interest at such rate, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such date and in such amount and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority and the West Virginia Department of Environmental Protection (the "Loan Agreement").

3. Will authorize the execution and delivery of the Loan Agreement.

4. Will direct the continuation of a Revenue Fund and the disposition of the revenues of the System; provided for the payment of operating expenses; provide for the monthly payment of principal of and interest of the Bond when due; provide for the creation of a Sinking Fund, a Reserve Account and a Renewal and Replacement Fund for the Bond; and provide for the use of excess funds of the System.

5. Will direct the creation of a Bond Fund and the disbursement of Bond proceeds.

6. Will provide that the Bond shall not 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 for the Net Revenues of the System; pledge the Net Revenues of the System to payment of the Bond and establish the rights of the holder of the Bond to the Net Revenues of the System.

7. Will provide certain conditions for the issuance of additional bonds.

8. Will provide for insurance coverage on the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the Bondholder.

9. Will establish the events of default and the remedies of the Bondholder.

10. Will provide for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Ordinance has already been approved by the Council of the Town of Winfield on first reading on July 20, 2004, and on second reading on July 27, 2004. The Issuer contemplates the issuance of the Bond described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Winfield at its regular meeting on August 10, 2004, at 7:00 p.m., in the Council Chambers, Town Hall, 1 Main Street, Winfield, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance being considered by the Council is on file with the Town Recorder for review by interested persons during the office hours of the Town Hall.

/s/ Carolyn Pauley  
Town Recorder

**AFFIDAVIT OF PUBLICATION**

Cost of Publication \$120.54

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam 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 county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Public Hearing

and Abstract of Bond Ordinance

Town of Winfield Sewer System

was duly published in said newspaper once a week for 2 (successive) week(s), commencing with the issue of the 29th day of July 2004, and ending with issue of the 5th day of Aug. 20 04, (and was posted, if required, at the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_).

/s/ Phyllis Robinson  
Phyllis Robinson, Publisher  
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 13th day of August, 2004.

My commission expires May 4, 2008

OFFICIAL SEAL  
NOTARY PUBLIC, STATE OF WEST VIRGINIA  
FREDERICA A. WHITNEY  
46 RIVERDALE ESTATES  
WINFIELD WV 25213  
MY COMMISSION EXPIRES MAY 4 2008  
/s/ Frederica A. Whitney  
Notary Public of Putnam County, West Virginia

**ORDINANCE  
2002-2003-5**

AN ORDINANCE TO AMEND AND RE-ENACT THE EXISTING SEWER  
ORDINANCE ARTICLE 925.01 (c) (d) ESTABLISHING A SCHEDULE OF JUST,  
EQUITABLE AND REASONABLE RATES OR CHARGES FOR THE USE OF  
AND SERVICES RENDERED BY THE SEWER SYSTEM OF  
THE TOWN OF WINFIELD,  
AS PROVIDED BY CHAPTER 16, ARTICLE 13 AND CHAPTER 24,  
ARTICLE 2 OF THE CODE OF WEST VIRGINIA, 1931, AS AMENDED.

**BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF WINFIELD,  
WEST VIRGINIA:**

That existing sewer ordinance of the Town of Winfield, effective November 1,  
2003, be and the same is hereby amended and re-enacted, to read as follows:

**RATES**

**SCHEDULE NO. 1**

(Effective 11/1/2003 to 12/31/05)  
Applicable in entire territory served.

Availability of Service

Availability for general domestic and commercial service.

(A) Rates

First	3,000 gallons used per month \$5.25 per 1,000 gallons
Next	3,000 gallons per month \$4.99 per 1,000 gallons
Next	4,000 gallons used per month \$4.73 per 1,000 gallons
Next	10,000 gallons used per month \$4.46 per 1,000 gallons
Over	20,000 gallons used per month \$4.20 per 1,000 gallons

Minimum Charge

No bills for sewer service shall be rendered for less than Fifteen Dollars and Seventy-five cents (\$15.75) per month.

**SCHEDULE NO. 2**

(Effective 1/1/2006 to 12/31/07)  
Applicable in entire territory served.

Availability of Service

Availability for general domestic and commercial service.

(A) Rates

First	3,000 gallons used per month \$5.36 per 1,000 gallons
Next	3,000 gallons per month \$5.09 per 1,000 gallons
Next	4,000 gallons used per month \$4.82 per 1,000 gallons
Next	10,000 gallons used per month \$4.55 per 1,000 gallons
Over	20,000 gallons used per month \$4.28 per 1,000 gallons

Minimum Charge

No bills for sewer service shall be rendered for less than Sixteen Dollars and eight cents (\$16.08) per month.

**SCHEDULE NO. 3**

(Effective 1/1/2008 until amended)  
Applicable in entire territory served.

Availability of Service

Availability for general domestic and commercial service.

(A) Rates

First	3,000 gallons used per month \$5.47 per 1,000 gallons
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Next	3,000 gallons per month \$5.19 per 1,000 gallons
Next	4,000 gallons used per month \$4.92 per 1,000 gallons
Next	10,000 gallons used per month \$4.64 per 1,000 gallons
Over	20,000 gallons used per month \$4.37 per 1,000 gallons

Minimum Charge

No bills for sewer service shall be rendered for less than Sixteen Dollars and Forty-One Cents (\$16.41) per month.

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, a ten-percent (10%) penalty shall be added to net amount shown. The delayed payment penalty is not interest and shall only be charged once for each bill when applicable.

Connection Charge

All service connection charges (Tapping Fees) shall be Three Hundred Fifty Dollars (\$350.00).

Returned Check Charge

There will be a \$20.00 charge on all returned checks.

Security Deposits

The Winfield Sanitary Board shall require all customers of the sewer system to make an initial deposit upon application for services as a guarantee of the payment for sewer service used. Such deposit shall be at the established charge of Twenty-five Dollars (\$25.00) in accordance with 4.2 of the Rules and Regulations for Government of Sewer Utilities, Public Service Commission of West Virginia. Sewer service shall not be established until these conditions are fulfilled and the Board may refuse service if the guarantee is not given when required.

Fees for Termination and Reconnection of Water Service for Non-Payment of Sewer Bills.

(a) Disconnection Fee:

Whenever water service has been disconnected solely due to non-payment of sewer bill(s), a disconnection fee of \$20.00 shall be charged.

(b) Reconnection Fee:

Whenever water service which has been previously been disconnected solely due to non-payment of sewer bill(s) is reconnected, a \$20.00 reconnection fee shall be charged.

The provisions of this sewer ordinance, as hereby amended and reenacted, shall become operative and effective forty-five (45) days after adoption by the Council of the Town of Winfield unless the said Council by resolution or ordinance shall fix a later effective date.

Any ordinance inconsistent with the provisions hereof are hereby expressly repealed to the extent of such inconsistency.

Passed on First Reading June 16, 2003

Public Hearing Held on August 12, 2003

Passed on Second Reading August 12, 2003

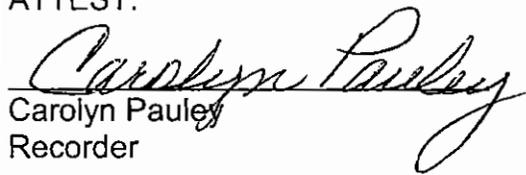
Passed and Adopted on September 9, 2003

TOWN OF WINFIELD

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

Claude J. Hunt  
Mayor

ATTEST:

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

Carolyn Pauley  
Recorder

**WINFIELD TOWN COUNCIL  
REGULAR SESSION  
MINUTES  
September 9, 2003**

The September 9, 2003 meeting of the Winfield Town Council was called to order by the Mayor, Claude J. Hunt, 7:30 p.m. at Winfield, West Virginia.

The invocation was given and the Pledge of Allegiance of the United States voiced.

Members Present: mayor- Claude Hunt, Pauline Eshenaur, Nathan Fewell, Jeanette "Griff" Griffin, Charles Keefer, Joe Rumbaugh and Recorder- Carolyn Pauley.

Staff Present: Connie Sansom – Town Clerk, Tim LaFon – Town Attorney, Johnny Hodges – Director of Public Works, and Fred Rinehart – Police Department.

#### **GUESTS/PUBLIC**

None.

#### **APPROVAL OF MINUTES**

On motion by "Griff" Griffin and second by Pauline Eshenaur, the minutes of the Regular Meeting on August 12, 2003 were approved as presented. Unanimous vote.

#### **FINANCIAL**

**Bill Approval – August 2003.** On motion by Nathan Fewell and second by Charles Keefer, the bills paid for the month of August, 2003 were approved by unanimous vote.

**Monthly Financial Review.** The August 2003 balance sheets for General and Coal Severance funds were presented to Council and entered for record. An ending balance of \$393,822.75 (less interest) for General Fund and \$13,105.61 (less interest) for Coal Severance Fund was reported.

**Budget Revision.** Tabled until October 14 meeting.

#### **REPORTS**

1. **Police Department** – Winfield Police Department and Municipal Court activity sheets were prepared for council by Chief Stevenson.

2. **Hoge House-Update:** Footers are poured but movers are waiting for the ground to dry out before moving house to new site.
3. **Christmas Lighting – Electric Work:** Connie Sansom reported that 9 of 10 poles were completed by American Electric Power.
4. **Street Light Winfield Avenue:** Report postponed until October meeting.

#### **OLD BUSINESS**

1. **Park Plan – Ankrom:** Still on hold.

#### **ORDINANCE RELATED**

1. **Third Reading-Sewer Rate Ordinance 2002-2003-5.** Joe Rumbaugh made motion with second by Charles Keefer to approve Third Reading Sewer Rate Ordinance 2002-2003-5. Discussion. Approved – ordinance adopted.

#### **NEW BUSINESS**

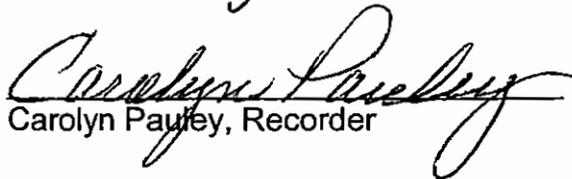
1. **Police Vehicle Donation.** Pauline Eshenaur made motion to approve accepting the donation of a 1996 Ford Crown Victoria from C & G Wrecker. The vehicle would be used as a Prevention Resource Officer vehicle, and as a back up for other Police Department vehicles. "Griff" Griffin seconded. Unanimous vote.
2. **Approval to Contract Phone Charges-South Western Region 2 Workforce Investment Board- Mayor's Use.** South Western West Virginia Region 2 Workforce Investment Board employs Mayor Hunt and provides cellular phone services for him. He also needs a cellular phone for his work as Mayor of Winfield. Region 2 will provide a cellular phone to Mayor Hunt and shall be the primary billing entity for the phone service. Region 2 and the Town of Winfield would split the base charge for the phone (approximately \$ 50.00 per month) and Mayor will pay anything over base cost. Nathan Fewell made motion for Mayor Hunt to sign the agreement with a second by Joe Rumbaugh. Motion was approved.

**ADJOURNMENT**

Nathan Fewell made motion to adjourn at 8:00 p.m. until the next regular meeting October 14, 2003.



Claude Hunt, Mayor



Carolyn Pauley, Recorder

**AFFIDAVIT OF PUBLICATION**

Cost of Publication \$207.48

State of West Virginia, County of Putnam, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam 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 county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Ordinance 2002-2003-5

Town of Winfield

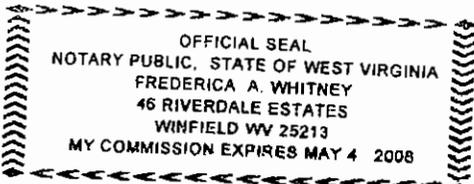
Sewer System

was duly published in said newspaper once a week for 2 (successive) week(s), commencing with the issue of the 24th day of July 2003, and ending with issue of the 31st day of July 2003, (and was posted, if required, at the \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_).

*Phyllis Robinson*  
1st Phyllis Robinson  
Phyllis Robinson, Publisher  
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 31st day of July, 2003.

My commission expires May 4, 2008



*Frederica A. Whitney*  
1st Frederica A. Whitney  
Notary Public of Putnam County, West Virginia

# LEGAL NOTICE

## TOWN OF WINFIELD NOTICE

### ORDINANCE 2002-2003-5

An Ordinance to amend and re-enact sections of the existing Rate Ordinance of the Town of Winfield, establishing a schedule of just, equitable and reasonable rates or charges for the use of and services rendered by the Sewer System of the Town of Winfield, the purpose and effect of this Ordinance being to provide a new increased schedule of rates and increased charges as hereinafter stated: Tapping Fees, Returned Check Charge and Security Deposit, and to provide the effective date of the amended Rates and Charges established hereby, as provided by Chapter 16, Article 13 and Chapter 24 Article 2 of the Code of West Virginia, 1931, as amended.

The Town of Winfield, a municipal corporation, which operates a sewer system, proposed to upgrade system and collection lines to service the Town of Winfield and immediate area in Putnam County, West Virginia, and in order to finance such upgrades, the said Town of Winfield must change its sewer tariffs, rates, and charges.

Therefore, pursuant to the West Virginia Code, Chapter 16, Article 13; and Chapter 24 Article 2, notice is hereby given of a Public Hearing to be held on Tuesday, August 12, 2003, at 6:00 p.m. at Winfield Town Hall, Winfield, West Virginia, to receive comments by present and proposed sewer users and land owners of property on the rate ordinance by the Town of Winfield, Putnam County, West Virginia, with the final vote on adoption of the rate ordinance to be made on Tuesday, September 9, 2003.

The schedule of such rates and charges contained in such ordinance is:

#### RATES

##### SCHEDULE NO. 1

(Effective 11/1/03 to 12/31/05)

Applicable in entire territory served.

#### Availability of Service

Available for general domestic and commercial service.

(A) Rates	
First	3,000 gallons used per month \$5.25 per 1,000 gallons an increase
Next	3,000 gallons used per month \$4.99 per 1,000 gallons an increase
Next	4,000 gallons used per month \$4.73 per 1,000 gallons an increase
Next	10,000 gallons used per month \$4.46 per 1,000 gallons an increase
Over	20,000 gallons used per month \$4.20 per 1,000 gallons an increase

#### Minimum Charge

No bills for sewer service shall be rendered for less than Fifteen Dollars and Seventy-Five Cents (\$15.75) per month.

##### SCHEDULE NO. 2

(Effective 1/1/06 to 12/31/07)

Applicable in entire territory served.

#### Availability of Service

Available for general domestic and commercial service.

(A) Rates	
First	3,000 gallons used per month \$5.36 per 1,000 gallons an increase
Next	3,000 gallons used per month \$5.09 per 1,000 gallons an increase
Next	4,000 gallons used per month \$4.82 per 1,000 gallons an increase
Next	10,000 gallons used per month \$4.55 per 1,000 gallons an increase
Over	20,000 gallons used per month \$4.28 per 1,000 gallons an increase

#### Minimum Charge

No bills for sewer service shall be rendered for less than Sixteen Dollars and Eight Cents (\$16.08) per month.

##### SCHEDULE NO. 3

(Effective 1/1/08 until amended)

Applicable in entire territory served.

#### Availability of Service

Available for general domestic and commercial service.

(A) Rates	
First	3,000 gallons used per month \$5.47 per 1,000 gallons an increase
Next	3,000 gallons used per month \$5.19 per 1,000 gallons an increase
Next	4,000 gallons used per month \$4.92 per 1,000 gallons an increase
Next	10,000 gallons used per month \$4.64 per 1,000 gallons an increase
Over	20,000 gallons used per month \$4.37 per 1,000 gallons an increase

#### Minimum Charge

No bills for sewer service shall be rendered for less than Sixteen Dollars and Forty-One Cents (\$16.41) per month.

#### Connection Charge

(A) All service connection (Tapping Fees) shall be Three Hundred Fifty Dollars (\$350.00).

#### Returned Check Charge

(N) There will be a \$20.00 charge on all returned checks.

#### Security Deposits

(A) Deposit shall be at the established charge of Twenty-Five Dollars (\$25.00).

Copies of the proposed rate ordinance are available at Town Hall during regular office hours for inspection by the public.

Interested parties may appear at the meeting and be heard with respect to the proposed rates ordinance.

Claude J. Hunt  
Mayor

WV MUNICIPAL BOND COMMISSION  
8 Capitol Street, Suite 500  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM  
Date of Report: September 16, 2004

-----  
ISSUE: Town of Winfield Sewer Revenue Bond, Series 2004  
(State Revolving Fund)  
ADDRESS: P.O. Box 596  
Winfield, WV 25213 COUNTY: Putnam  
PURPOSE: New Money X  
OF ISSUE: Refunding \_\_\_ Refunds issue dated: N/A  
ISSUE DATE: September 16, 2004 CLOSING DATE: September 16, 2004  
ISSUE AMOUNT: \$500,000 RATE: 2%; ADMINISTRATIVE FEE: 1%  
1ST DEBT SERVICE DUE: December 1, 2005 1ST PRINCIPAL DUE: December 1, 2005  
1ST DEBT SERVICE AMT.: \$7,598.52 PAYING AGENT: Municipal Bond Comm.

-----  
BOND COUNSEL: Goodwin & Goodwin, LLP LENDER: West Virginia Department of  
Contact Person: W.K. Bragg, Jr. Environmental Protection  
Phone 346-7000 Contact Person: Rosalie Brodersen  
Phone: (304) 558-0637

KNOWLEDGEABLE ISSUER CONTACT:  
Contact Person: Claude J. Hunt  
Position: Mayor  
Phone: (304) 586-2122

-----DEPOSITS TO MBC AT CLOSE:  
\_\_\_ Accrued Interest: \$ \_\_\_ 0  
\_\_\_ Capitalized Interest: \$ \_\_\_ 0  
By \_\_\_ Wire \_\_\_ Reserve Account: \$ \_\_\_ 0  
\_\_\_ Check \_\_\_ Other: \$ \_\_\_\_\_

-----REFUNDS & TRANSFERS BY MBC AT CLOSE:  
\_\_\_ To Escrow Trustee: \$ \_\_\_ N/A  
By \_\_\_ Wire \_\_\_ To Issuer: \$ \_\_\_ N/A  
\_\_\_ Check \_\_\_ To Cons. Invest. Fund: \$ \_\_\_ N/A  
\_\_\_ IGT \_\_\_ Other: \$ \_\_\_\_\_

Notes: \_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: \_\_\_\_\_

TRANSFERS

REQUIRED: \_\_\_\_\_

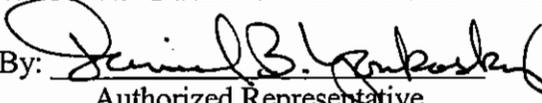
\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND,  
SERIES 2004 (STATE REVOLVING FUND)

WDA CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

In reliance upon a certificate of the Issuer's certified public accountant stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Series 1986 A Bonds, the Series 1986 B Bonds and the Series 2003 Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2004 (State Revolving Fund) (the "Bonds"), in the original principal amount of \$500,000 by the Town of Winfield (the "Issuer"), under the terms of the Bond Ordinance authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1986 A (the "Series 1986 A Bonds") and Sewer Revenue Bonds, Series 2003 (State Revolving Fund) (the "Series 2003 Bonds"), and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds").

WITNESS my signature as of the 16<sup>th</sup> day of September, 2004.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By:   
Authorized Representative

**USDA** UNITED STATES DEPARTMENT OF AGRICULTURE  
**RURAL DEVELOPMENT**

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND,  
SERIES 2004 (STATE REVOLVING FUND)

RUS CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Sewer Revenue Bonds, Series 2004 (State Revolving Fund) (the "Series 2004 Bonds"), in the original aggregate principal amount of \$500,000, by the Town of Winfield (the "Issuer"), under the terms of the Bond Ordinance authorizing the Series 2004 Bonds (the "Bond Ordinance"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1994 A and Series 1994 B (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the bond ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Series 2004 Bonds or the Bond Ordinance; and (iii) consents to any amendments made to the Prior Ordinance by the Bond Ordinance.

WITNESS my signature as of this 9<sup>th</sup> day of September, 2004.

UNITED STATES OF AMERICA  
UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT

By:   
State Director

[Http://www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer  
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

**COMMITTED TO THE FUTURE OF RURAL COMMUNITIES**



UNITED STATES POSTAL SERVICE



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Goodwin + Goodwin  
300 Summers St.  
Suite 1500  
Charleston West Virginia  
25301

10



C O P Y

LAW OFFICES

**GOODWIN & GOODWIN, LLP**

300 SUMMERS STREET, SUITE 1500  
CHARLESTON, WEST VIRGINIA 25301-1678

P. O. Box 2107  
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000  
TELECOPIER (304) 344-9692  
[www.goodwingoodwin.com](http://www.goodwingoodwin.com)

201 THIRD STREET  
PARKERSBURG, WEST VIRGINIA 26101  
(304) 485-2345

P.O. Box 349  
500 CHURCH STREET  
RIPLEY, WEST VIRGINIA 25271  
(304) 372-2651

Charleston

September 20, 2004

**Certified Mail - Return Receipt Requested**

Director  
Internal Revenue Service Center  
Ogden, UT 84201

Re: \$500,000 Town of Winfield, Sewer Revenue Bond  
Series 2004 (State Revolving Fund)

Gentlemen:

Enclosed is a completed and executed Form 8038-G to be filed on behalf of the Town of Winfield, West Virginia, which provides the information required by Section 149(e) of the Internal Revenue Code of 1986, as amended. We have also enclosed a file copy to be returned to our office (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Sincerely yours,



William K. Bragg, Jr.

WKB/aks  
Enclosures

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>			If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Town of Winfield</b>	2 Issuer's employer identification number <b>55 : 0546915</b>			
3 Number and street (or P.O. box if mail is not delivered to street address) <b>P.O. Box 596</b>	Room/suite	4 Report number <b>3 2004-1</b>		
5 City, town, or post office, state, and ZIP code <b>Winfield, WV 25213</b>		6 Date of issue <b>9/16/2004</b>		
7 Name of issue <b>Sewer Revenue Bond, Series 2004 (State Revolving Fund)</b>		8 CUSIP number <b>N/A</b>		
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Claude J. Hunt, Mayor</b>		10 Telephone number of officer or legal representative <b>( 304 ) 586-2122</b>		

<b>Part II Type of Issue (check applicable box(es) and enter the issue price)</b> See instructions and attach schedule		11	
11 <input type="checkbox"/> Education		12	
12 <input type="checkbox"/> Health and hospital		13	
13 <input type="checkbox"/> Transportation		14	
14 <input type="checkbox"/> Public safety		15	<b>500,000</b>
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)		16	
16 <input type="checkbox"/> Housing		17	
17 <input type="checkbox"/> Utilities		18	
18 <input type="checkbox"/> Other. Describe ►			
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

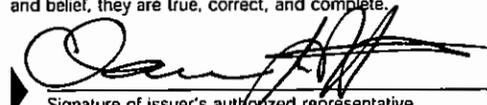
<b>Part III Description of Obligations. Complete for the entire issue for which this form is being filed.</b>				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 <b>9/1/2025</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>11.746</b> years	<b>2.0072664 %</b>

<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>				
22 Proceeds used for accrued interest		22		<b>0</b>
23 Issue price of entire issue (enter amount from line 21, column (b))		23		<b>500,000.00</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>8,500.00</b>		
25 Proceeds used for credit enhancement	25	<b>0</b>		
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>0</b>		
27 Proceeds used to currently refund prior issues	27	<b>0</b>		
28 Proceeds used to advance refund prior issues	28	<b>0</b>		
29 Total (add lines 24 through 28)		29		<b>8,500</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30		<b>491,500.00</b>

<b>Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)</b>		N/A
31 Enter the remaining weighted average maturity of the bonds to be currently refunded		years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded		years
33 Enter the last date on which the refunded bonds will be called		
34 Enter the date(s) the refunded bonds were issued		

<b>Part VI Miscellaneous</b>		
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)		35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)		36a
b Enter the final maturity date of the guaranteed investment contract		37a
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units		
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here**  **9/16/04** **Claude J. Hunt, Mayor**  
 Signature of issuer's authorized representative Date Type or print name and title

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The City National Bank of West Virginia, at its office located in Winfield, Putnam County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the Town of Winfield (the "Town") duly enacted by the Town Council of the Town (the "Council") and effective on August 10, 2004, and supplemented by a Supplemental Resolution adopted by the Council on August 10, 2004 (collectively, the "Ordinance"), authorizing issuance of the Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund), dated September 16, 2004, in the aggregate principal amount of \$500,000, and agrees to perform all duties of Depository Bank as set forth in the Ordinance.

Witness my signature as of the 16<sup>th</sup> day of September, 2004.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By:   
Branch Manager

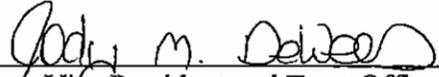
\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

ACCEPTANCE OF DUTIES OF REGISTRAR

The City National Bank of West Virginia, at its office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with an Ordinance of the Town of Winfield (the "Town") duly enacted by the Town Council of the Town (the "Council") and effective on August 10, 2004, and supplemented by a Supplemental Resolution adopted by the Council on August 10, 2004 (collectively, the "Ordinance"), authorizing issuance of the Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund), dated September 16, 2004, in the aggregate principal amount of \$500,000, and agrees to perform all duties of Registrar as set forth in the Ordinance.

Witness my signature as of the 16<sup>th</sup> day of September, 2004.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By:   
Assistant Vice President and Trust Officer

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 16<sup>th</sup> day of September, 2004, by and between TOWN OF WINFIELD, a municipal corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF WEST VIRGINIA, at its office located in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$500,000 aggregate principal amount of Sewer Revenue Bond, Series 2004 (State Revolving Fund), in fully registered form (the "Bond"), pursuant to a Bond Ordinance enacted by the Town Council of the Issuer and effective on August 10, 2004, as amended by a Supplemental Resolution adopted on August 10, 2004 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provide for the appointment by the Issuer of a Registrar for the Bond; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver the Bond upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bond 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, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:                   Town of Winfield  
                                  Attention: Mayor  
                                  P. O. Box 596  
                                  Winfield, WV 25213

REGISTRAR:            The City National Bank of West Virginia  
                                  Attention: Jody M. DeWees  
                                  3601 MacCorkle Ave., SE  
                                  Charleston, WV 25304

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bond in accordance with the Ordinance and instructions provided by the Issuer and the Purchaser thereof.

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

TOWN OF WINFIELD

By:   
Mayor

THE CITY NATIONAL BANK OF WEST VIRGINIA

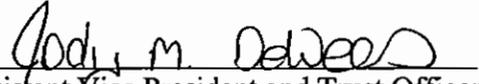
By:   
Assistant Vice President and Trust Officer

Exhibit A

(Bond Ordinance)

\$500,000  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2004  
(STATE REVOLVING FUND)

CERTIFICATE OF REGISTRATION OF BONDS

I, Jody M. DeWees, as Assistant Vice President and Trust Officer, of The City National Bank of West Virginia, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Town of Winfield (the "Issuer"), dated as of the date hereof, hereby certify that on the 16<sup>th</sup> day of September, 2004, the Bond of the Issuer in the original principal amount of \$500,000, designated "Town of Winfield Sewer Revenue Bond, Series 2004 (State Revolving Fund)", and numbered R-1, dated as of the date hereof, was registered as to principal and interest in the name of "West Virginia Water Development Authority" on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 16<sup>th</sup> day of September, 2004.

THE CITY NATIONAL BANK OF WEST VIRGINIA,  
as Registrar

By: Jody M. DeWees  
Assistant Vice President and Trust Officer

## CLOSING MEMORANDUM

**To:** Barbara Meadows  
Rosalie Broadersen  
Sara Boardman  
Connie Sampson  
Samme Gee

**From:** Bill Bragg

**Date:** September 16, 2004

**Re:** Town of Winfield Sewer Revenue Bond  
Series 2004 (State Revolving Fund)

---

### 1. DISBURSEMENT TO TOWN

Payor: West Virginia Department of Environmental Protection  
Source: Series 2004 Bond Proceeds  
Amount: \$25,000  
Date: September 16, 2004  
Form: Check  
Payee: Town of Winfield  
Bank: The City National Bank of West Virginia  
Routing No.: 051904524  
Account No.: 3001009907  
Account: Series 2004 Bond Trust Fund

# ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID CM  
WINFI-1

DATE (MM/DD/YYYY)  
08/19/04

<b>PRODUCER</b>  Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston WV 25314 Phone: 304-345-8000 Fax: 304-345-8014	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC #</b>
<b>INSURED</b>  Town Of Winfield P. O. Box 596 Winfield WV 25213	INSURER A: <b>Clarendon Insurance Group</b>	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	APR 12-00370-03	07/01/04	07/01/05	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 500,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 5,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
						Emp Ben.	1,000,000
A		AUTOMOBILE LIABILITY	APR 11-00370-03	07/01/04	07/01/05	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input checked="" type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input checked="" type="checkbox"/> NON-OWNED AUTOS					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
						AUTO ONLY: AGG	\$
A		EXCESS/UMBRELLA LIABILITY	APR 16-00370-03	07/01/04	07/01/05	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 1,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input checked="" type="checkbox"/> RETENTION \$10,000					\$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	APR 12-00370-03	07/01/04	07/01/05	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	OTHER
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$ 1,000,000
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
		OTHER				E.L. DISEASE - POLICY LIMIT	\$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate Holder is additional insured.

## CERTIFICATE HOLDER

WESTVCH

West Virginia Water Development Authority  
180 Association Dr  
Charleston WV 25311-1217

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## **DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



STATE OF WEST VIRGINIA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
DIVISION OF WATER RESOURCES  
1201 GREENBRIER STREET  
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM  
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0024503

SUBJECT: Sewage

ISSUE DATE: June 07, 2002

EFFECTIVE DATE : July 07, 2002

EXPIRATION DATE: June 06, 2007

SUPERSEDES: Permit No. WV0024503

dated June 26, 1997

LOCATION: WINFIELD

(City)

Putnam

(County)

Lower Kanawha River

(Drainage Basin)

See the next page for a list of Outlets.

---

**TO WHOM IT MAY CONCERN:**

**This is to certify that:** WINFIELD TOWN OF  
PO BOX 596  
WINFIELD, WV 25213

**is hereby granted a West Virginia NPDES Water Pollution Control Permit to:**

operate and maintain an existing wastewater collection system and an aerated lagoon wastewater treatment plant which are further described as follows:

The wastewater collection system is comprised of approximately 270 linear feet of four(4) inch diameter gravity sewer line, 3,800 linear feet of six(6) inch diameter gravity sewer line, 42,500 linear feet of eight(8) inch diameter gravity sewer line, 6,000 linear feet of 10 inch diameter gravity sewer line, 1,100 linear feet of 12 inch diameter gravity sewer line, 175 manholes, 26 cleanouts, six(6) duplex submersible lift stations, four(4) duplex grinder stations, eight(8) simplex grinder stations, 2,600 linear feet of two(2) inch diameter force main line, 5,600 linear feet of three(3) inch diameter force main line, 3,700 linear feet of four(4) inch diameter force main line, 2,200 linear feet of six(6) inch diameter force main line, and all requisite appurtenances.

The wastewater treatment facilities are designed to treat 0.3 million gallons maximum daily flow, the aerated lagoon is comprised of a 278 feet in length by 226 feet in width, surface dimensions, by 10 feet in depth aerated lagoon with a total volume of 3,130,000 gallons, a floating baffle resulting in two(2) aeration cells with a volume of 1,565,000 gallons each and equipped with three(3) 10 horsepower surface aerators in the first aeration cell, and four(4) five(5) horsepower aerators in the second aeration cell, a 260 feet in length by 192 feet in width, surface dimensions, by five(5) feet in depth sedimentation pond with a total volume of 1,630,000 gallons equipped with four(4) 3 horsepower surface aerators and a total surface area of 49,920 square feet, two(2) floating baffles resulting in three(3) setting cells with a volume of 543,000 gallons each, a high rate sedimentation unit with four(4) plate packs providing a total clarification area of 470 square feet, a chlorine contact chamber with a volume of 55,600 gallons, and all requisite appurtenances.

The facilities are to serve a population equivalent of approximately 3,000 persons in the Town of Winfield, and its environs, and discharge treated wastewater to the Kanawha River at Mile Point 31.8.

**This permit is subject to the following terms and conditions :**

The information submitted on and with Permit Application No. WV0024503, dated the 14th day of December 2001, additional information received on March 18, 2002 and April 11, 2002, are all hereby made terms and conditions of this Permit with like effect as if all such Permit application information was set forth herein, and with other conditions set forth in Sections A, B, C and Appendix A.

**The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.**

<b>Inspectable Unit</b>	<b>Latitude</b>	<b>Longitude</b>	<b>Receiving Stream</b>	<b>Milepost</b>
001	38°31'39"	81°53'55"	KANAWHA RV	31.8



Division of Water Resources  
1201 Greenbrier Street  
Charleston, West Virginia 25311  
Phone (304) 558-4086  
Fax (304) 558-5903

*Revised  
Shup...*

West Virginia Department of Environmental Protection

Bob Wise  
Governor

Michael O. Callaghan  
Secretary

June 07, 2002

HONORABLE CLAUDE J. HUNT  
WINFIELD TOWN OF  
PO BOX 596  
WINFIELD, WV 25213

CERTIFIED RETURN RECEIPT REQUESTED

Dear Permittee:

Enclosed please find WV/NPDES Permit Number WV0024503 dated June 07, 2002.

In response to correspondence, received from S&S Engineers, Inc., dated the 29th day of April 2002, presenting comments on behalf of Town of Winfield, on the draft WV/NPDES Water Pollution Control Permit No. WV0024503, the Division of Water Resources shall address the comments in the same numerical order as contained in the correspondence.

Comment No. 1 : Lift Stations

The agency concurs with your request and the changes have been made in the final permit.

Comment No. 2 : Influent sampling location

The agency concurs with your request and the changes have been made in the final permit.

Please note that a Discharge Monitoring Report (DMR) is to be completed and submitted to this Division each month. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this Division does not supply permittees with DMR forms.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Department of Environmental Protection  
Environmental Enforcement  
PO Box 662  
Teays, WV 25569

Also, please note the attachment to this permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

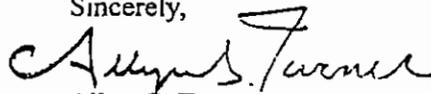
HONORABLE CLAUDE J. HUNT

Page 2

June 07, 2002

If you have any questions, please contact Bhupinder Gill of this Division at (304) 558-4086 or our TDD number (304) 558-2751.

Sincerely,

A handwritten signature in black ink that reads "Allyn G. Turner". The signature is written in a cursive style with a large, prominent initial "A".

Allyn G. Turner  
Director

AGT:BG

Enclosures



Division of Water and Waste Management  
1201 Greenbrier Street  
Charleston, WV 25311-1088  
Telephone Number: (304) 558-2107  
Fax Number: (304) 558-5905

## West Virginia Department of Environmental Protection

Bob Wise  
Governor

Stephanie R. Timmermeyer  
Acting Cabinet Secretary

January 27, 2003

Honorable Claude J. Hunt  
Town of Winfield  
P. O. Box 596  
Winfield, WV 25213

**RECEIVED**  
FEB 6 - 2003

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0024503  
Modification No. 1

Dear Mayor Hunt:

This correspondence serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0024503 issued the 7<sup>th</sup> day of June 2002.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0024530-A, dated the 8<sup>th</sup> and 14<sup>th</sup> day of November 2002, and other relevant information, the subject Permit is hereby modified to incorporate the following:

1. To allow installation of approximately 2,085 linear feet of eight (8) inch GSP, 440 linear feet of six (6) inch GSP, 19 manholes, three (3) 8-inch cleanouts, seven (7) 6-inch cleanouts, 30 linear feet of 20-inch steel casing pipe, 45 linear feet of 16-inch steel casing pipe, one (1) grinder pump station, a manual bar screen, a 10,000 gallon concrete chlorine contact tank, replacement of approximately 2,340 linear feet of eight (8) inch GSP, 15 linear feet of two (2) inch forcemain, one (1) manhole, abandonment of nine (9) grinder pump stations and all necessary appurtenances.
2. To allow the separation of Garfield Street's sewer and storm water line and to extend/replace sewer Lines.
3. The wastewater treatment plant improvements project shall be constructed, in accordance with the plans and specifications, approved the 23<sup>rd</sup> day of January 2003, prepared by S & S Engineers, Inc.; 501 Eagle Mountain Road; Charleston, WV 25311, and entitled "Town of Winfield Wastewater System Improvements Project"; Putnam County, West Virginia; SRF Project No. C-544358.



West Virginia Department  
of Environmental Protection

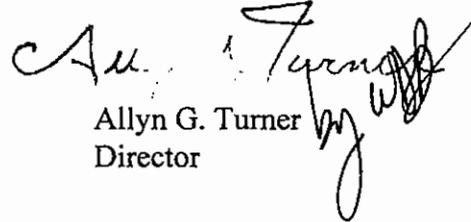
"Promoting a healthy environment."

*to Board  
to 5:5*

Honorable Claude J. Hunt  
Town of Winfield  
Page No. 2

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit No. WV0024530 shall remain in effect and unchanged.

Sincerely,

  
Allyn G. Turner  
Director

AGT/yp  
cc: Env. Inspector Supervisor  
Env. Inspector, Putnam County



**RECEIVED**  
JUN 16 2003

**FILE COPY**

Division of Water and Waste Management  
1201 Greenbrier Street  
Charleston, WV 25311-1088  
Telephone Number: (304) 558-4086  
Fax Number: (304) 558-5903

---

## West Virginia Department of Environmental Protection

---

Bob Wise  
Governor

Stephanie R. Timmermeyer  
Cabinet Secretary

**ORDER NUMBER 5249**  
ISSUED UNDER THE  
WATER POLLUTION CONTROL ACT  
WEST VIRGINIA CODE, CHAPTER 22, ARTICLE 11  
AMENDMENT NUMBER 2

DATE: June 6, 2003

TO: Honorable Claude J. Hunt  
Mayor, Town of Winfield  
Post Office Box 596  
Winfield, WV 25213

Whereby, Order No. 5249 was issued, on the 16th day of April 2002, resultant to the Town of Winfield's wastewater collection system being subject to extraneous infiltration and inflow, and as a result of the hydraulic loading, there are, at times, adverse conditions being imposed on the customers, and the Order, in part, established to provide temporary relief of the hydraulic overloading conditions and alleviate flooding conditions on the customers, and the Town of Winfield requested a temporary sanitary system overflow, and the Town of Winfield is actively pursuing the necessary process of identifying and eliminating sources of infiltration and inflow within the Town of Winfield's wastewater collection system, and the Town of Winfield in their request received on May 7, 2003, has requested an extension to complete the wastewater system improvements and cessation of the temporary sanitary system overflow, and has outlined the reasons for this delay, this Amendment shall effectuate the following revisions to Order No. 5249:

Town of Winfield shall complete the necessary improvement work to its wastewater collection system, and cease the utilization of the temporary sanitary sewer overflow, on or before October 30, 2004.

All other terms and conditions of the Order No. 5249, issued on the 16th day of April 2002, shall remain in effect and unchanged.



West Virginia Department  
of Environmental Protection

"Promoting a healthy environment."

---

Honorable Claude J. Hunt, Mayor  
Town of Winfield  
Page 2  
June 6, 2003

Compliance with the extension date to complete the necessary improvements to the Town of Winfield's wastewater collection system of this Amendment to the ORDER shall not be construed to relieve the Town of Winfield of the obligation to comply with the terms and conditions of its WV/NPDES Water Pollution Control Permit or any applicable Federal, State, or local law. Violation of this Amendment to the ORDER is a violation of the Chapter 22, Article 11 of the Code of West Virginia, and may result in further enforcement action as outlined in the Act.

This Amendment to the ORDER shall become effective upon receipt.

BY:   
\_\_\_\_\_  
Allyn G. Turner  
Director 

AGT:bsg

cc: Env. Inspector Supv.  
Env. Inspector  
S&S Engineers, Inc.



West Virginia Department  
of Environmental Protection

"Promoting a healthy environment."

---

**RECEIVED**

AUG 26 2004

Division of Water and Waste Management  
414 Summers Street, Second Floor  
Charleston, WV 25301  
Telephone Number: (304) 558-4086  
Fax Number: (304) 558-5903



---

**West Virginia Department of Environmental Protection**

---

Bob Wise  
Governor

Stephanie R. Timmermeyer  
Cabinet Secretary

**ORDER NUMBER 5249**  
ISSUED UNDER THE  
WATER POLLUTION CONTROL ACT  
WEST VIRGINIA CODE, CHAPTER 22, ARTICLE 11

AMENDMENT NUMBER 3

DATE: August 23, 2004.

TO: Honorable Claude J. Hunt  
Mayor, Town of Winfield  
Post Office Box 596  
Winfield, WV 25213

Whereby, Order No. 5249 was issued, on the 16th day of April 2002, resultant to the Town of Winfield's wastewater collection system being subject to extraneous infiltration and inflow, and as a result of the hydraulic loading, there are, at times, adverse conditions being imposed on the customers, and the Order, in part, established to provide temporary relief of the hydraulic overloading conditions and alleviate flooding conditions on the customers, and the Town of Winfield requested a temporary sanitary system overflow, and the Town of Winfield is actively pursuing the necessary process of identifying and eliminating sources of infiltration and inflow within the Town of Winfield's wastewater collection system, and the Town of Winfield in their request received on August 12, 2004, has requested an extension to complete the wastewater system improvements and cessation of the temporary sanitary system overflow, and has outlined the reasons for this delay, this Amendment shall effectuate the following revisions to Order No. 5249:

Town of Winfield shall complete the necessary improvement work to its wastewater collection system, and cease the utilization of the temporary sanitary sewer overflow, on or before July 31, 2005.

All other terms and conditions of the Order No. 5249, issued on the 16th day of April 2002, shall remain in effect and unchanged.



West Virginia Department  
of Environmental Protection

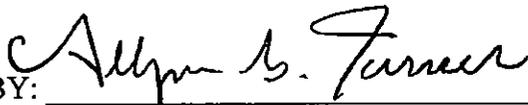
"Promoting a healthy environment."

---

Honorable Claude J. Hunt, Mayor  
Town of Winfield  
Page 2  
August 24, 2004

Compliance with the extension date to complete the necessary improvements to the Town of Winfield's wastewater collection system of this Amendment to the ORDER shall not be construed to relieve the Town of Winfield of the obligation to comply with the terms and conditions of its WV/NPDES Water Pollution Control Permit or any applicable Federal, State, or local law. Violation of this Amendment to the ORDER is a violation of the Chapter 22, Article 11 of the Code of West Virginia, and may result in further enforcement action as outlined in the Act.

... This Amendment to the ORDER shall become effective upon receipt.

BY:   
Allyn G. Turner  
Director

AGT:bsg

cc: Env. Inspector Supv.  
Env. Inspector  
S&S Engineers, Inc.

TOWN OF WINFIELD, WEST VIRGINIA

NOTE, LINE OF CREDIT, AND BOND SERIES 1986 A and B ORDINANCE

1985-86-7

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NOTE, BOND AND LINE OF CREDIT ORDINANCE

Introduced in Council

Referred to

April 22, 1986

Introduced by

Passed by Council

Mayor Claude J. Hunt

May 13, 1986

An Ordinance authorizing the acquisition and construction of a public sewerage facilities for the Town of Winfield (herein the "Town") and the financing of the cost not otherwise provided, thereof, through the issuance by the Town of not more than \$500,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 A, not more than \$200,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 B and not more than \$450,000 in aggregate principal amount of Town of Winfield Sewerage System Grant Anticipation Notes, Series 1986; authorizing the Town to enter into an agreement with a banking institution for the extension of credit to borrow not more than \$300,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto.

Be It Enacted and Ordained by the Council of the Town of Winfield, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly required otherwise:

A. "Act" means Chapter 16, Article 13, of the West Virginia Code of 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which

shall be the original purchaser of the Town of Winfield's Sewer Revenue Bonds, Series 1986 A and B originally authorized hereby; provided, however, that the Town of Winfield must satisfy the legal and other requirements of the Program, as hereinafter defined.

C. "Authorized Officer" means the Mayor of the Town of Winfield or any other officer of said Town specifically designated by ordinance or resolution of the Council of the Town as such.

D. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01(4) hereof.

E. "Bonds" means the Original Bonds, as hereinafter defined, authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

F. "Bondholder" or "Holder of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

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

H. "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.

I. "Consulting Engineers" means Randolph Engineering Company Inc., Consulting Engineers, Winfield, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Town as consulting engineers for the System, as hereinafter defined.

J. "Council" means the Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted.

K. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(D) hereof to be a part of the costs of construction and acquisition of the Project.

L. "County" means Putnam County, West Virginia.

M. "Depository Bank" means the bank, eligible under the laws of the State of West Virginia to receive deposits of

state and municipal funds and insured by the FDIC, as hereinafter defined, and any successor thereto, and herein designated as the Kanawha Valley Bank, N.A.

N. "Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

O. "EPA" means the United States Environmental Protection Agency or any successor to the functions of the EPA.

P. "EPA Grant" or "Grant" means the grant from the EPA pursuant to the commitment therefor.

Q. "Event of Default" means any occurrence or event specified in Section 9.01.

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

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

T. "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.

U. "Grant Agreement" means a written commitment for the payment of the EPA 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 grant is to be paid to the Town.

V. "Grant Receipts" means all moneys received by the Town on account of the Grant after the date of issuance of the Notes.

W. "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 VIII hereof) or any fee or charge established, levied and collected by the Town from persons at the time of, and for the privilege of, making service

connections to the System, as hereinafter defined, and for the furnishing by the Town of miscellaneous service.

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

Y. "Indenture" or "Trust Indenture" means the Trust Indenture between the Town and the Trustee relating to the Notes, as hereinafter defined, and all supplements or amendments thereto.

Z. "Line of Credit" means the agreement made by and between the Town and a banking institution authorized to conduct banking business in the State of West Virginia whereby the banking institution agrees to extend to the Town from time to time credit to borrow not more than \$300,000 outstanding at any one time to defray the construction costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

AA. "Loan Agreement" means the loan agreement to be entered into between the Town and the Authority, pursuant to which the Authority shall agree, subject to the Town's satisfying certain legal and other requirements, to purchase the Bonds originally authorized hereby with a portion of the proceeds of the Authority's bonds issued with respect to the Program, as hereinafter defined.

BB. "Mayor" means the Mayor of the Town of Winfield, Putnam County, West Virginia.

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

DD. "Noteholder", "Holder of the Notes", or "Holder of the GANs" or any similar term means any person who shall be the registered owner of any outstanding Note or Notes as hereinafter defined.

EE. "Notes" or "GAN" means the not more than \$450,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1986, originally authorized hereby, and unless the context clearly indicates otherwise, the terms

"Notes" or "GAN" includes any refunding Notes or GAN of the Town.

FF. "Notes Capitalized Interest Account" means the Notes Capitalized Interest Account within the Notes Debt Service Fund established by Subsection 4.01(2)(a) of the Indenture.

GG. "Notes Construction Trust Fund" means the Notes Construction Trust Fund established by Section 4.01(1) of the Indenture.

HH. "Notes Cost of Issuance Account" means the Notes Cost of Issuance Account within the Notes Construction Trust Fund established by Subsection 4.01(1)(a) of the Indenture.

II. "Notes Debt Service Fund" means the Notes Debt Service Fund established by Subsection 4.01(2) of the Indenture.

JJ. "Note Registrar" means the bank to be designated as such in the Supplemental Resolution and its successors and assigns.

KK. "Operating Expenses", unless qualified, means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Cost of the Project, fees and expenses of fiscal agents, Registrars, Paying Agents, Trustee and the Depository Bank, 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 or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

LL. "Ordinance" means this Ordinance, as hereafter amended or supplemented.

MM. "Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 5.01(2) hereof.

NN. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean the not more than \$700,000 in

total aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and B, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto, which Bonds shall be issued in one or more series as determined by a resolution or resolutions supplemental hereto and which are originally authorized hereby. The 1986 Series A Bonds shall not exceed more than \$500,000 in aggregate principal amount and the 1986 Series B Bonds shall not exceed more than \$200,000 in aggregate principal amount.

OO. "Original Notes Purchaser" means the firm or individual denoted as such in a resolution supplemental hereto.

PP. "Other Grants" means any other grant or grants, other than the EPA Grant, from whatever source, received by the Town to aid in financing the costs of the Project.

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

RR. "Paying Agent" means the Kanawha Valley Bank, N.A. or any other bank or banks designated as such for the Bonds and/or the Notes.

SS. "Program" means the Authority's loan program, under which the Authority purchases the revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority or any successor to said Program as currently constituted.

TT. "Project" means the acquisition and construction of a sewerage system of the Town, to be designed by the Consulting Engineers and to be constructed in accordance with the plans and specifications so designed, subject to the provisions of Section 2.01 hereof.

UU. "PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

VV. "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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; Washington Metropolitan Area Transit Authority; or the Government national Mortgage Association;

(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(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 paid 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; and

(h) The Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

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

XX. "Registrar" means as appropriate, either the Bond Registrar or the Note Registrar or both.

YY. "Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

ZZ. "Reserve Account" means the Town of Winfield Sewer Revenue Bonds, Series 1986 Reserve Account established in the Sinking Fund, as hereinafter defined, by Section 5.02(1)(a).

AAA. "Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the Bonds in any succeeding Fiscal Year.

BBB. "Revenue Fund" means the Town of Winfield Sewer Revenue Bonds, Series 1986 Revenue Fund, to be created pursuant to Section 5.01(1).

CCC. "Recorder" means the Recorder of the Town of Winfield, Putnam County, West Virginia.

DDD. "Series 1986 A Bonds" means the not more than \$500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Town.

EEE. "Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

FFF. "Series 1986 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 1986 A Bonds in any succeeding Fiscal Year.

GGG. "Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

HHH. "Series 1986 B Bonds" means the not more than \$200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Town.

III. "Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

JJJ. "Series 1986 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1986 B Bonds in any succeeding Fiscal Year.

KKK. "Series 1986 B Bonds Sinking Fund" means the Series 1986 B Sinking Fund established by Section 5.02 hereof.

LLL. "Sinking Fund" means the Town of Winfield Sewer Revenue Bonds, Series 1986 Sinking Fund established by Section 5.02(1).

MMM. "State" means the State of West Virginia.

NNN. "Supplemental Loan Agreement" means the loan agreement supplemental to the Loan Agreement, which Supplemental Loan Agreement is to be entered into between the Town and the Authority, pursuant to which such Supplemental Loan Agreement the Authority shall agree, subject to the Town's satisfying certain legal and other requirements, to purchase the 1986 Series B Bonds originally authorized hereby with a portion of the proceeds of the authorized bonds with respect to the program as herein after defined.

OOO. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this Ordinance and, when preceded by the article "the", refers specifically to the Supplemental Resolution authorizing the sale of the Notes and the Supplemental Resolution authorizing the sale of the Original Bonds, and the Supplemental Resolution authorizing the Line of Credit and the extension of the credit to the Town thereunder, 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, Original Bonds, or the Line of Credit, as the case may be, and not so included may be included in another Supplemental Resolution.

PPP. "Surplus Revenues" means the Net Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligation of the Town, including the Renewal and Replacement Fund and the Reserve Account, the proceeds of such Bonds or other obligations which are used to pay costs of the Project.

QQQ. "System" means the complete properties of the Town for the collection, transportation, transmission and treatment of liquid or solid wastes, sewerage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project, and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

SSS. "Town" means the Town of Winfield, a municipal corporation of the State of West Virginia, and where appropriate the Council thereof.

TTT. "Trustee" means the banking institution designated as trustee under the Indenture in the Supplemental Resolution and its successors and assigns.

UUU. Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

VVV. Words importing singular number include the plural number in each case and vice versa; words importing the masculine or neuter gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

WWW. The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

XXX. Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of this Ordinance. This Ordinance is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Town desires to acquire, construct and operate a public sewerage system consisting of a sewerage treatment plant or plants consisting of some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection and transmission to a sewage treatment facility of sewage and industrial wastes in a sanitary manner.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that the Project be acquired and constructed at an estimated cost of \$1,826,360, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Sanitary Board and the Town Recorder.

C. The Sanitary Board of the Town has presented a petition to the Town for enactment of this Bond, Notes, and Line of Credit Ordinance.

D. It is deemed necessary for the Town to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$700,000 in two series, being the Series 1986 A Bonds in the aggregate principal of not more than \$500,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than \$200,000 (collectively, the Bonds) and contemporaneously therewith, or as soon as practicable thereafter, to issue its Sewerage System Grant Anticipation Notes, Series 1986 in the principal amount of not more than \$450,000 to finance costs of construction and acquisition of the Project. Additionally, it is deemed necessary to authorize the Town to enter into an agreement with a banking institution for the extension of credit to the Town in an amount not to exceed \$300,000 at any one time to defray certain costs attendant to the Project. All of said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes, Bonds, and Line of Credit prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost 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, discount, initial fees for the service of registrars, paying

agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to a bank or banks for the issuance of letters of credit, and any costs of obtaining insurance thereon; provided, that reimbursement to the Town for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Town for such purposes, shall be deemed Costs of the Project.

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

F. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for the costs of the operation and maintenance of said system, the principal of and interest on the Original Bonds and all Sinking Fund, Reserve Account, Renewal and Replacement Fund and other payments provided for herein.

G. It is in the best interests of the Town that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement to be entered into between the Town and the Authority, in form satisfactory to the Town and the Authority.

H. There are not outstanding any obligations of the Town which will rank prior to or on a parity with the Bonds and the Notes as to lien and source of and security for payment.

I. The Town has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, the Notes and the Line of Credit, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the GANs and the Bonds authorized to be issued hereunder by those who shall respectively hold the same from time to time, as well as the acceptance of the Line of Credit by the banking institution extending such credit to the Town, this Ordinance shall be

deemed to be and shall constitute a contract between the Town and such Noteholders or Bondholders or banking institution, and the covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the legal Holders of any and all of such Notes or Bonds or banking institution as the case may be.

## ARTICLE II

### AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers and filed with the Sanitary Board and the Town Recorder.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in Supplemental Resolutions, there shall be issued negotiable Original Bonds of the Town, in a total aggregate principal amount of not more than \$700,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$500,000 and "Sewer Revenue Bonds, Series 1986 B," in the aggregate amount of \$200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall be deposited in the Bond Construction Trust Fund established by Section 5.01(4) hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest from the original date of delivery to the payee thereof at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semi-annually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, but only with the express written consent of the West Virginia Water Development Authority, all as the Town shall prescribe in

a Supplemental Resolution. The Bonds shall be payable as to principal at the office of a Paying Agent or Paying Agents selected by the original purchaser or purchasers thereof, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds, shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each Series, both fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of the Original Bond issue and both shall mature in principal installments, all as provided in the Supplemental Resolution. Said Original Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town shall be affixed thereto or imprinted thereon and attested by the Recorder. The signature of the Mayor and the Recorder may be manual or by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, 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 Bond shall be valid or obligatory for any purpose or entitled

to any security or benefit under this Ordinance unless and until the Certificate of Authentication on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and registered, and delivered under this Ordinance. The Certificate of Authentication on any 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 on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer or registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Bondholder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Bondholder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Town, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the fifteen (15) days preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in the discretion of the Council, issue, and the Registrar shall, if so advised by the Town, authenticate, and deliver, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, or 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 Bondholder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town or the Registrar may prescribe and paying such expenses as the Town or the Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Town. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Town 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 Town. The Bonds shall not, in any event, be or constitute an indebtedness of the Town or County 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 any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town or County to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund, and the Reserve Account therein, hereinafter established, are

hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WINFIELD, PUTNAM COUNTY  
SEWER REVENUE BONDS, SERIES 1986 A

No. R- \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That the Town of Winfield, a municipal corporation and a political subdivision of the State of West Virginia in Putnam County of said State, (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in installments on \_\_\_\_\_ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with final maturity of this Bond on the 1st day of \_\_\_\_\_, \_\_\_\_\_ with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor and until payment of such installment, and such interest shall be payable on the 1st day of \_\_\_\_\_, and the 1st day of \_\_\_\_\_ in each year beginning \_\_\_\_\_ 1, 19\_\_\_\_. The principal of this Bond is payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent, Charleston, West Virginia,

through \_\_\_\_\_, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date.

[REDEMPTION PROVISIONS]

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new waste water treatment facilities, the installation of an aerated lagoon, settling basin and sewerage collection, transportation and transmission facilities of the Town and the financing of the cost not otherwise provided, thereof (the "Project") (the Project, together with any improvements and extensions thereto, is hereinafter referred to as the "System") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and the Ordinance duly adopted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, as supplemented on \_\_\_\_\_, 19\_\_\_\_, (collectively the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Town (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance for the Bonds of this Series (the "Series 1986 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 Town or County within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town or County be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance of each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any fiscal year, and the reserve account for any obligations prior to or on a parity with, the Series 1986 A Bonds is funded at the requirement therefore, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Holder of this Bond.

This Bond is exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

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

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

IN WITNESS WHEREOF, the TOWN OF WINFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1986.

TOWN OF WINFIELD

By: \_\_\_\_\_  
Its: Mayor

TEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above:

Dated: \_\_\_\_\_ as Bond Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto \_\_\_\_\_

\_\_\_\_\_ the Sewer Revenue Bond, Series 1986 A, dated \_\_\_\_\_ of the Town of Winfield, 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 Public Service District with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WINFIELD, PUTNAM COUNTY  
SEWER REVENUE BONDS, SERIES 1986 B

No. R- \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That the Town of Winfield, a municipal corporation and a political subdivision of the State of West Virginia in Putnam County of said State, (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in \_\_\_\_\_ equal installments of \$ \_\_\_\_\_ each, on \_\_\_\_\_ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with a final maturity on this Bond on the 1st day of \_\_\_\_\_, \_\_\_\_\_, all with no interest thereon:

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 Paying Agent, Charleston, West Virginia, through \_\_\_\_\_ as registrar and paying agent (the "Registrar").

This Bond may be redeemed prior to its stated date of maturity in whole or in part of any time, but only with the express written consent of West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of waste water treatment facilities, the installation of an aerated lagoon, settling basin and sewerage collection, transportation and transmission facilities of the Town and the financing of the cost not otherwise provided, thereof (the "Project") (the Project, together with any improvements and extensions thereto, is hereinafter referred to as the "System") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with

the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and the Ordinance duly enacted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, as supplemented on \_\_\_\_\_, 19\_\_\_\_, (collectively the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Ordinance for the Bonds of this Series (the "Series 1986 B 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 Town or County within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town or County be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues; the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance of each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues which may be issued in any fiscal year, and the reserve account for any obligations prior to or on a parity with, the Series 1986 A and B Bonds is funded at the requirement therefore, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are

exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Holder of this Bond, said lien being junior and subordinate to the lien of the Holders of the Series 1986 A Bonds.

This Bond is exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE TOWN, ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE ORDINANCE (THE "SERIES 1986 A BONDS").

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

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

IN WITNESS WHEREOF, the TOWN OF WINFIELD has caused  
this Bond to be signed by its Mayor and its corporate seal to  
be hereto affixed or imprinted hereon and attested by its  
Recorder, and has caused this Bond to be dated \_\_\_\_\_,  
1986.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above:

Dated: \_\_\_\_\_ as Bond Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto \_\_\_\_\_

\_\_\_\_\_ the Sewer Revenue Bond, Series 1986 B, dated \_\_\_\_\_ of the Town of Winfield, West Virginia 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 Public Service District with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement and Supplemental Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement, Supplemental Loan Agreement and the Program. The Mayor is specifically authorized and directed to execute the Loan Agreement and Supplemental Loan Agreement in such forms as may be approved by Supplemental Resolution, and the Recorder is directed to affix the seal of the Town, attest the same and deliver the Loan Agreement and Supplemental Loan Agreement to the Authority.

#### ARTICLE IV

#### NOTES AND LINE OF CREDIT

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Town shall issue and sell its Notes in the aggregate principal amount of not to exceed \$450,000. 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 the Supplemental Resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture (which Indenture in substantially the form to be executed and delivered by the Town is attached hereto as "Exhibit A" and made a part hereof).

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Town payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. The Notes do not and shall not constitute a corporate indebtedness of the Town or County within the meaning of any constitutional or statutory provisions or limitations. The general funds of the Town or County are not liable, and neither the full faith and credit nor the taxing power of the Town or County is pledged for the payment of the Notes. The Noteholders shall never have the right to compel the forfeiture of any property of the Town or County. The Notes shall not be a debt of the Town or County, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Town or County or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Town 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 \$300,000 in the aggregate. In the event of a draw under any such letter of credit, the Town shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

Section 4.05. Authorization and General Terms of the Line of Credit. In order to pay certain Costs of the Project pending receipt of the Grant Receipts the Town may enter into an agreement with a banking institution for the extension of credit not to exceed \$300,000 in principal amount outstanding at any one time during the period of construction of the Project. The Line of Credit shall bear interest from the date, at such rate, payable on such date, shall mature on such date and be subject to such repayment as shall be provided for in the Supplemental Resolution. Provided, however, the rate of interest on the Line of Credit shall not exceed 12% per annum.

Section 4.06. Line of Credit as Special Obligation. The Line of Credit provided for and authorized in Section 4.05 above shall be a special obligation of the Town payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. Borrowing under the Line of Credit does not and shall not constitute corporate indebtedness of the Town or County within the meaning of any constitutional or statutory provisions or limitations. The general funds of the Town or County are not liable and neither the full faith and credit nor taxing power of the Town or County is pledged for the payment of the Line of Credit. The banking institution extending credit under the Line of Credit shall never have the right to compel the forfeiture of any property of the Town or County. The Line of Credit shall not be a debt of the Town or County, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Town or County or upon any of their income, receipts or revenues other than as herein provided.

## ARTICLE V

### SECURITY OF BONDS

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank.:

- (1) Revenue Fund;

- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1986 A Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

- (2) Series 1986 B Bonds Sinking Fund;

(a) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Town shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Series 1986 A Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semi-annual interest payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Sinking Fund and the next

semi-annual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

(3) The Town shall also, on the first date of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds.

(4) The Town shall also, on the first day of each month, commencing thirteen (13) months prior to the first day of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to one one-hundred and twentieth (1/120) of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 A Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1986 A Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account in the Series 1986 A Bonds Sinking Fund shall be used only for the purpose of paying principal of or interest on the Series 1986 A Bonds, as the same shall come due, when other moneys in the Series 1986 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 A Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 A Bonds. Provided, however, that investment earnings on monies representing Series 1986 A Bond proceeds and payments from customers shall be transferred to the Bond Construction Trust Fund while the Project is under construction.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Series 1986 A Bonds have been made in full.

(5) The Town shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund or into the Reserve Account in said Sinking Fund when the aggregate amount of funds in said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of the Series 1986 A Bonds issued pursuant to this Ordinance then Outstanding; plus the amount of interest due or thereafter to become due as of the next annual payment date on said Bonds then Outstanding.

The Town shall not be required to make any further payments into the Series 1986 B Bonds Sinking Fund or into the Reserve Account in said Sinking Fund when the aggregate amount of funds in said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of the Series 1986 B Bonds issued pursuant to this Ordinance then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1986 A Bonds are issued, provision shall be made for additional payments in said Series 1986 A Bonds 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 Series 1986 A Bonds Reserve Account in said Series 1986 A Bonds Sinking Fund in an amount equal to the maximum provided and required to be paid into the Series 1986 A Bonds Sinking Fund in any Fiscal Year for account of all the Series 1986 A Bonds, including such additional Bonds which by their terms are payable from said Series 1986 A Bonds Sinking Fund.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Town at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1986 A and Series 1986 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

(6) Thereafter, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing with the month next succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Reserve Accounts in the Sinking Funds hereunder. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in either Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.01(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Bond and remit to the Commission for deposit in the

Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 1986 B Bonds as the same shall become due. Moneys in the Series 1986 B Bonds Reserve Account in the Series 1986 B Bonds Sinking Fund shall be used only for the purpose of paying principal of the Series 1986 B Bonds, as the same shall come due, when other moneys in the Series 1986 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 B Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 B Bonds. Provided, however, that all investment earnings on monies representing Series 1986 B Bond proceeds and payments from customers shall be transferred to the Bond Construction Trust Fund while the Project is under construction.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds for payment of debt service on the Bonds have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B 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 Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Town at the times provided 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 said Revenue Funds a balance in excess of the estimated amounts required to be so transferred and paid into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System, including a pledge to and payment of GANS.

C. The Town shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. 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.

F. All remittances made by the Town to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

## ARTICLE VI

### BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds. From the moneys received from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. Any accrued interest received from the sale shall be deposited in the appropriate Sinking Fund and applied to the first interest payment due on the Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest on the Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund; provided, that such period may not extend beyond the date which is six (6) months after the estimated date of completion of construction of the Project.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project.

D. The Depository Bank shall act as a trustee and fiduciary for the Holder or Holders of the Bonds with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Indenture. Moneys in the Bond Construction Trust Fund shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Bonds and are subject to a lien in favor of the Holder or Holders until such proceeds are applied to the construction of the Project, which shall include the repayment of any incidental interim financing for non-construction costs.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE Town

Section 7.01. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Holders of the 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 said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Ordinance 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 Town, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02 Bonds, Notes and Line of Credit Not To Be Indebtedness of the Town. Neither the Bonds, the Notes nor the Line of Credit shall be or constitute a corporate indebtedness of the Town or County within the meaning of any constitutional, statutory or charter provision or limitation of indebtedness, but shall be payable solely from the special funds pledged for such payment by this Ordinance. No Holder or Holders of any Bonds, Notes or any banking institution extending credit under the Line of Credit herein provided, shall ever have the right to compel the exercise of the taxing power of the Town or County to pay said Bonds, Notes, or Line of Credit or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Series 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Ordinance. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1986 A Bonds and Series 1986 B Bonds and to make the payments into the respective Sinking Funds, including the respective Reserve Accounts therein, and all other payments provided for in this Ordinance are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Series 1986 A Bonds and the Series 1986 B Bonds as the same become due, and for the purposes provided in this Ordinance.

Section 7.04. Initial Schedule of Rates and Charges; Rules. The initial schedule of rates and charges for the services and facilities of the System shall be set forth in the ordinance of the Town dated April 22, 1986.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all

the Bonds and Notes, if any, Outstanding or any remaining balance of the Line of Credit, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if not previously defeased, the Indenture in accordance with Section 10.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, in the event the Authority is no longer a Bondholder, the Town shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of the Series 1986 A and B Bonds and all interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay in full the Notes shall be remitted to the Trustee for deposit in the Notes Debt Service Fund, to apply to the payment of the Notes, prior to maturity if allowable under the Supplemental Resolution. With respect to the Line of Credit, such proceeds in an amount sufficient to pay in full the Line of Credit then Outstanding shall be remitted to the banking institution extending credit to the Town thereunder.

The foregoing provision notwithstanding, the Town 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 for such properties, is not in excess of \$10,000, the Town shall, by resolution, determine that such property comprising a part of the System is longer necessary, useful or profitable in the operation thereof and may then provide for the same 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 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 Town shall first determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. With the prior written consent of the Authority, the proceeds derived

from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000 shall be remitted by the Town to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of these last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds in the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance. No sale, lease, or other disposition of the properties of the System shall be made by the Town 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 the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Town 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. The Town shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and this Ordinance; and, so long as any of the Bonds are Outstanding, the Town shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Town after the issuance of the Series 1986 A Bonds and the Series 1986 B 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 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current. Provided, however,

the foregoing shall not preclude the Town from entering into the Line of Credit Agreement for the purpose of providing funds for the acquisition and construction of the Project. Provided, further, such lien in favor of the banking institution extending credit under the Line of Credit shall be subordinated to the lien in favor of the Holders of the Bonds, unless the Authority shall otherwise direct.

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

Section 7.07. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any twelve (12) consecutive months, within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred and fifteen percent (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:

(A) The Original Bonds then Outstanding;

(B) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(C) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of three (3) succeeding year", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such additional parity Bonds and (b) any increase in rates enacted by the Town, the period for appeal of which has expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional parity Bonds.

The Net Revenues actually derived from the system during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the Town shall have entered into written contracts for the immediately construction or acquisition of such additions, betterments or improvements, if any, to the system that are to be financed by such additional parity Bonds.

The term "Additional Parity Bonds", as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Series 1986 B Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds

and the Holders of any Additional Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Town 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 Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

All Additional Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Additional 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 both the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Town 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 either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

Notwithstanding the foregoing, B Bonds on a parity with the Series 1986 A Bonds and Series 1986 B Bonds may be issued solely for the purpose of completing the Project as described in the Loan Agreement and Supplemental Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Town the written consent of the Authority to the issuance of such Bonds.

Section 7.08. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from and other books, records and accounts of the Town,

In which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Ordinance or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Town 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 Town. 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 Council. The Council 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 Council shall be reported to such agent of the Town as the Council shall direct.

The Town shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Town 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 shall mail upon request, and made available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or the then Holder of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner

and form required by law, and copies of such rates and charges so established will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Town shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all proper and reasonable expenses of operation, repair, replacement and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred and fifteen percent (115%) of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amount equal to or in excess of the Series 1986 A Reserve Requirement is on deposit in the Series 1986 A Reserve Account, and that an amount equal to or in excess of the Series 1986 B Reserve Requirement is on deposit in the Series 1986 B Reserve Account, and the reserve accounts on obligations prior to, or on a parity with the Series 1986 B Bonds are funded at the requirements therefore, such balance each Fiscal Year need only equal at least one hundred and ten percent (110%) of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The Town shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Town shall have approved such findings and recommendation by a resolution duly adopted.

No increase expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall 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 Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and on behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Town shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Town is in compliance with the terms and provisions of this Ordinance and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Town 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 7.12. Enforcement of Collections. The Town 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 of the Town, 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 thirty (30) days after the same shall become due and payable, the property and 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the

System. The Town 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 and facilities of the System and any services and facilities of the water system, if then owned by the Town, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of services, has been fully paid.

Section 7.13. No Free Services. The Town 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; in the event the Town, or any department, agency, instrumentality officer or employee or the Town 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 Town 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 7.14. Insurance and Construction Bonds. The Town hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Town will, to the extent the same is available, 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:

A. 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 Town 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 said Renewal and Replacement Fund. The Town 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 Town during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Town from claims for bodily injury and/or death and not less than \$100,000 per occurrence from claims for damage to property of others which may rise from the operation of the System, and insurance with the same limits to protect the Town from claims arising out of operation or ownership of motor vehicles of or for the System.

C. 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 one hundred percent (100%) of the construction contract and to be required of each contractor contracting directly with the Town, 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 Chapter 38, Article 2, Section 39 of the West Virginia Code of, 1931, as amended.

Section 7.15. 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 Town and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the 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 thirty (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 Town 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 7.16. Completion of Project. The Town will complete the Project and operate and maintain the System in good condition.

Section 7.17. Rebate to the United States. In the event that H. R. 3838 (The Tax Reform Act of 1985) or similar legislation becomes law and is applicable to the Bonds or Notes or both, the Town agrees to pay to the United States an amount equal to the sum of the excess of (a) the aggregate amount earned on all nonpurpose investments (other than investments attributable to such excess) over (b) the amount which would have been earned if all nonpurpose investments was invested at a rate equal to the yield on such Bonds or Notes, plus any income attributable to such excess. The amount to be paid to the United States by the Town shall be paid at such time and place as required by the Act or similar legislation in installments at least once every five years commencing on the fifth anniversary date of the issuance of the Bonds. The last installment shall be paid not later than 30 days after the day on which the last Bond of Note is redeemed or paid.

Section 7.18. Compliance with Tax Laws. On December 17, 1985 The House of Representative passed the Tax Reform Act of 1985 (H. R. 3838). The Senate has yet to act on this legislation. However, the Town agrees that if H. R. 3838 or similar legislation becomes law and such law is applicable to the Bonds or Notes, this Ordinance shall be amended in order to comply with such legislation and in order to maintain the tax exempt status of the Bonds or Notes. In particular, without excluding reference to any other portion of H. R. 3838 that may become law, the Town hereby covenants that it will expend 5% of the bond proceeds within thirty (30) days of closing on the Bonds.

Section 7.19 Restrictions as to Arbitrage Bonds. The Town hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, and an Authorized Officer of the Town shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds. Further, prior to the time that the City receives an opinion from Bond Counsel that the provisions of H. R. 3838 or any similar legislation is not applicable to the Bonds or Notes.

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

Except as provided in the Indenture, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. The Commission, the Trustee, or the Depository Bank, 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 Trustee or the Depository Bank, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds or Notes, as the case may be.

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds or Notes, as the case may be;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds, Notes or Line of Credit set forth in this Ordinance, and Supplemental Resolution, the Indenture or in the Bonds, Notes or Line of Credit, and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by the Trustee, the Depository Bank holding any fund or account hereunder the Holder of a Bond or Note or the banking institution extending credit to the Town under the Line of Credit;

(C) If the Town files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

An "Event of Default" with respect to the Bonds shall not constitute an Event of Default with respect to the Notes and Line of Credit, and vice versa.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond or banking institution extending credit under the Line of Credit, as the case may be, 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 Town to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates of charges for services rendered by the System (iii) bring suit upon the Notes, Bonds or Line of Credit, as the case may be, (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the Registered Owners of the Notes, Bonds or Line of Credit, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to the Notes, Bonds or Line of Credit, or the rights of such Registered Owners.

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 Town under this Ordinance and the Act, 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 shall, in addition to all other remedies or rights, have the right to appropriate legal proceedings to

obtain the appointment of a receiver to administer the System on behalf of the Town 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 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 Ordinance 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 Town exercise all the rights and powers of the Town respect to said facilities as the Town itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Ordinance for Reserve Account, Sinking Fund or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner 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 Town and for the joint protection and benefit of the Town and Registered Owners. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of

the protection of both the Town and Registered Owners and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, or otherwise dispose of any assets of the Systems.

## ARTICLE X

### DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Town pay or cause to be paid, or there shall be otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Ordinance, then with respect to the Series 1986 A Bonds only the respective pledge of Net Revenues, and other moneys and securities pledged under this Ordinance, and all covenants, agreements and other obligations of the Town to the Registered Owners of the Series 1986 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if there shall have been deposited with the Commission, its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission, its agent, at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on said Series 1986 A Bonds, on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and interest on said Series 1986 A Bonds; provided, that any cash

received from such principal or interest payments on such securities deposited with the Commission, its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the respective principal of and interest to become due on said Bonds, on and prior to such maturity dates thereof, and interest earned from such investments shall be paid over to the Town as received by the Commission, its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Series 1986 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due, the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 B Bonds; provided, that any cash received from such principal or

Interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Series 1986 B Bonds on and prior to the maturity dates thereon, and interest earned from such reinvestments shall be paid over to the Town as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Town shall pay or cause to be paid, or these shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Ordinance, the Indenture and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Town to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

#### ARTICLE XI

#### MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the funds herein respectively 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 Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Ordinance Constitutes Contract. The provisions of this Ordinance shall constitute a contract between the Town and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner, except as in this Ordinance 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 effect any of the remaining provisions of this Ordinance.

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. Amendments to Maintain Tax Exemption. The Town hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the Notes; Bonds and Line of Credit to be issued in such form as to render the interest thereon exempt from federal income taxation, and on a continuing basis thereafter without the written consent of the Holders of the Bonds.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and/or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

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

Section 11.08. Effective Time. This Ordinance shall take effect after notice and public hearing hereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Town to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publications, in a newspaper of general circulation in the Town together with a notice stating that this Ordinance has been

adopted and that the Town contemplates the issuance of the notes and Bonds, and the entering into the Line of Credit, and 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 present protests, and that a certified copy of the Ordinance is on file in the office of the Town for review by interested parties during the office hours of the Town.

At such hearing, all objections and suggestions shall be heard and the Town Council shall take such action as it shall deem proper in the premises.

Passed on First Reading                      April 22, 1986

Passed on Second Reading                      May 13, 1986

Effective following public                      October 14, 1986  
hearing held on

[SEAL]

  
Mayor

ATTEST:

  
Town Recorder

Certified a true copy of an Ordinance duly enacted and adopted by the Council of the Town of Winfield this 13th day of May, 1986, effective on and after Public Hearing held on October 14, 1986.

[SEAL]

  
Town Recorder

11-8-86  
RESOLUTION NO. A

26: 1985-86-07

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A PUBLIC SEWERAGE FACILITIES FOR THE TOWN OF WINFIELD (HEREIN THE "TOWN") AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 B AND NOT MORE THAN \$450,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1986; AUTHORIZING THE TOWN TO ENTER INTO AN AGREEMENT WITH A BANKING INSTITUTION FOR THE EXTENSION OF CREDIT TO BORROW NOT MORE THAN \$300,000 OUTSTANDING AT ANY ONE TIME TO DEFRAY CERTAIN COSTS ATTENDANT TO THE PROJECT (HEREIN DEFINED) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES: AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO" ADOPTED BY THE COUNCIL OF THE TOWN OF WINFIELD, WEST VIRGINIA ON MAY 13, 1986; AND IN THE AFORE-MENTIONED ORDINANCE IT IS PROVIDED THAT THE MATURITY DATES, INTEREST RATE, INTEREST PAYMENT DATES ON THE BONDS, AS

WELL AS THE AGGREGATE PRINCIPAL AMOUNT SHOULD BE ESTABLISHED BY SUPPLEMENTAL RESOLUTION: AND PROVIDING FOR CERTAIN AMENDMENTS TO SAID ORDINANCE; NAMING CHARLESTON NATIONAL BANK, AS REGISTRAR, AND DEPOSITORY BANK; NAMING THE MUNICIPAL BOND COMMISSION AS PAYING AGENT: APPROVING THE SCHEDULE OF ANNUAL DEBT SERVICE; APPROVING THE FORM OF THE LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SUCH LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT; AMENDING THE DEFINITION OF QUALIFIED INVESTMENTS OF SAID ORDINANCE; APPROVING THE SALE OF SAID BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$475,550: AND APPROVING THE ENTERING INTO OF A LINE OF CREDIT AGREEMENT WITH CHARLESTON NATIONAL BANK PROVIDING FOR AN EXTENSION OF CREDIT TO THE TOWN IN AN AMOUNT NOT TO EXCEED \$300,000: AS WELL AS TO OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The Town of Winfield, West Virginia (the "Town"), on May 13, 1986, passed an ordinance entitled "An Ordinance authorizing the acquisition and construction of a public sewerage facilities for the Town of Winfield and the financing of the cost not otherwise provided, thereof, through the issuance by the Town of not more than \$500,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 A, not more than \$200,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 B and not more than \$450,000

in aggregate principal amount of Town of Winfield Sewerage System Grant Anticipation Notes, Series 1986; authorizing the Town to enter into an agreement with a banking institution for the extension of credit to borrow not more than \$300,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto" (the "Ordinance"), all in accordance with the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), which Ordinance became effective on October 14, 1986; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water Development Authority (the "Original Purchaser"), pursuant to a Loan Agreement and Supplemental Loan Agreement dated as of September 9, 1986; and

WHEREAS, it is the intention of Governing Body of the Town of Winfield, West Virginia that this Resolution is, and the same shall be treated as, the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted and that the Loan Agreement and Supplemental Loan Agreement be approved, that the price, the maturity date, the redemption provisions, the interest rate and the interest payment dates of the Bonds be fixed hereby in the manner stated herein, that the definition of Qualified Investments for the investment of the bond proceeds be amended to include Federal Funds for overnight investment and the West Virginia Consolidated Fund, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, Be It Resolved by the Council of The Town of Winfield, West Virginia:

1. Charleston National Bank, Charleston, West Virginia, is hereby named and selected as the Bond Registrar and Depository Bank, as such terms appear in the Ordinance and Charleston National Bank shall have and be entitled to the authority conferred on each term by said Ordinance. The Municipal Bond Commission of the State of West Virginia is hereby designated as Paying Agent for the Bonds and shall have and be entitled to the authority conferred on such office by the Ordinance.

2. The Town has authorized by the Bond Ordinance this Supplemental Resolution which is adopted and pursuant hereto there is authorized and ordered to be issued in the aggregate principal amount Four Hundred Seventy-Five Thousand Five Hundred Fifty Dollars (\$475,550) of the City's Sewer Revenue Bonds in the form of Series 1986 A Bonds in the aggregate principal amount of \$381,884 and Series 1986 B Bonds in the aggregate principal amount of \$93,666.

3. The Bonds shall be dated the date of their initial authentication and delivery to the Original Bond Purchaser and shall be payable in amounts as shown on the Schedule of Annual Debt Service as attached hereto except with respect to the first payment of interest on the Series A Bonds, which shall be in an amount required to pay the interest from the original date of Issuance to April 1, 1987, which schedule is hereby approved and shall be inserted as Exhibit A on pages 22 and 29 of the Ordinance and shall be appended to the Series 1986 A and B Bonds as Exhibit A thereto. The Series 1986 A Bonds will bear interest at the rate of 8.38% per annum, from the date of delivery payable semi-annually on April 1 and October 1 of each year, commencing April 1, 1987, upon original issuance, with the final interest payment date and maturity on October 1, 2026, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority. The Series 1986 A Bonds shall be issued in the form of one bond in the denomination of \$381,884. All other provisions relating to

the Series 1986 A Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

The Series 1986 B Bonds will bear interest at the rate of 0% per annum, from the date of delivery, upon original issuance with principal payments to be made on the first day of October of each year, with the final principal payment date and maturity on October 1, 2026, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority. The Series 1986 B Bonds shall be issued in the form of one Bond in the denomination of \$93,666. All other provisions relating to the Series 1986 B Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

4. The form of the Loan Agreement and the Supplemental Loan Agreement, both made by and between the Town and the West Virginia Water Development Authority, dated September 9, 1986, are hereby approved as to both form and content, a copy of which is hereby incorporated by reference.

5. The form of Bond as to the Series 1986 A and B Bonds shall be and the same are hereby amended to reflect that the Bonds are issued pursuant to the Ordinance duly enacted by the Town on the 13th day of May, 1986 as supplemented on November 8, 1986.

6. The Mayor of the Town is hereby authorized and directed to execute and deliver the Loan Agreement and

Supplemental Loan Agreement made by and between the Town and the West Virginia Water Development Authority; and the Mayor, the Town Recorder, and other officers and employees of the Town are hereby authorized and directed to do all things necessary and proper to cause the Bonds to be issued and delivered to the West Virginia Water Development Authority, as the Original Purchaser, and to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for.

7. Pursuant to Section 6.01(B) of the Ordinance, the sum of \$16,645 is hereby directed to be deposited in the Sinking Fund. The Depository Bank is hereby authorized to pay the costs of issuing the Bonds from the monies deposited in the Bond Construction Trust Fund as more fully described in a requisition to be submitted.

8. The Depository Bank is hereby authorized and directed to pay to the Bank of Buffalo, from the monies in the Bond Construction Trust Fund, any amount payable to such Bank by the Town relating to Project Costs.

9. Section 1.01 WW. of the Ordinance is hereby amended and re-enacted to read as follows:

Section 1.01 WW. "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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; Washington Metropolitan Area Transit Authority; or the Government National Mortgage Association;

(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(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 paid 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; and

(h) The Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

(i) Federal Funds for overnight investments.

(j) 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.

10. Section 7.17 of the Ordinance is hereby amended to read as follows:

The Town agrees to pay to the United States an amount equal to the sum of the excess of (a) the aggregate amount earned on all nonpurpose investments (other than investments attributable to such excess) over (b) the amount which would have been earned if all nonpurpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess. The amount to be paid to the United States by the Town shall be paid in installments at least once every five years commencing on the fifth anniversary date of the issuance of the Bonds. Each installment shall be in an amount which ensures that 90 per cent of the amount described above at the time payment of such installment is required will have been paid to the United States. The last installment shall be paid not later than 60 days after the day on which the last Bond is redeemed or paid, and shall be in an amount sufficient to pay the remaining balance due the United States. The Town further agrees to pay any penalties or take any other action required by it upon failure to perform its agreements hereunder, in order to maintain the tax exempt status of the Bonds.

For the purpose of this Section the Town hereby affirmatively warrants and represents that the gross proceeds of the issue shall be expended for Project costs within six

months from the date of issuance. The Town further warrants and represents that:

1. it is a governmental unit with taxing powers,
2. the Bonds are not private activity bonds as described in the Internal Revenue Code of 1986,
3. 95 per cent or more of the proceeds of the Bonds will be used for the local governmental activities of the Town and
4. the aggregate face amount of all tax-exempt Bonds (other than private activity bonds) issued by the Town during the calendar year 1986 is not reasonably expected to exceed \$5,000,000.

11. The sale of the Series 1986 A and B Bonds in the aggregate principal amount of \$475,550 to the West Virginia Water Development Authority, as Original Purchasers is hereby approved.

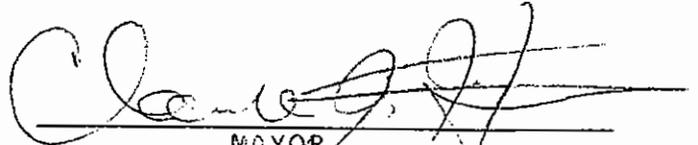
12. The form of a certain Line of Credit Agreement with Charleston National Bank, providing for an extension of credit to the Town of Winfield in an amount not to exceed \$300,000 is hereby approved. The Mayor and any other proper officer of the Town is hereby authorized to execute such agreement and such other instruments as may be required or desired in order to give effect to and consummate such extension of credit.

13. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by Fred Bess, seconded  
by Charlie Crimmel to adopt this Resolution.

Motion carried unanimously.

ENACTED: November 5th, 1986.

  
MAYOR

  
RECORDER

EXHIBIT A  
SCHEDULE OF ANNUAL DEBT SERVICE  
TOWN OF WINFIELD

.....SERIES 1986 B BONDS.....

Period Ending <u>10/1</u>	Zero Coupon <u>Bonds</u>
1987	0.00
1988	0.00
1989	2,464.89
1990	2,464.89
1991	2,464.89
1992	2,464.89
1993	2,464.89
1994	2,464.89
1995	2,464.89
1996	2,464.89
1997	2,464.89
1998	2,464.89
1999	2,464.89
2000	2,464.89
2001	2,464.89
2002	2,464.89
2003	2,464.89
2004	2,464.89
2005	2,464.89
2006	2,464.89
2007	2,464.89
2008	2,464.89
2009	2,464.89
2010	2,464.89
2011	2,464.89
2012	2,464.89
2013	2,464.89
2014	2,464.89
2015	2,464.89
2016	2,464.89
2017	2,464.89
2018	2,464.89
2019	2,464.89
2020	2,464.89
2021	2,464.89
2022	2,464.89
2023	2,464.89
2024	2,464.89
2025	2,464.89
2026	<u>2,464.89</u>

93,665.82

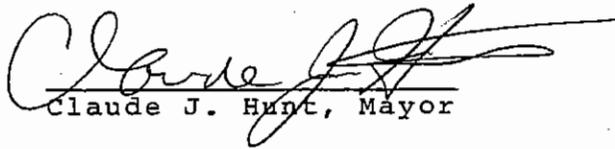
EXHIBIT A<sup>B</sup>

SCHEDULE OF ANNUAL DEBT SERVICE

TOWN OF WINFIELD

Period Ending 10/1	.....Series 1986 A.....			
	Coupon	Principal	Interest	Debt Service
1987	8.38%	0.00	28,801.69	28,801.69
1988	8.38%	0.00	32,001.88	32,001.88
1989	8.38%	1,578.00	32,001.88	33,579.88
1990	8.38%	1,710.00	31,869.64	33,579.64
1991	8.38%	1,853.00	31,726.34	33,579.34
1992	8.38%	2,008.00	31,571.06	33,579.06
1993	8.38%	2,177.00	31,402.79	33,579.79
1994	8.38%	2,359.00	31,220.36	33,579.36
1995	8.38%	2,557.00	31,022.68	33,579.68
1996	8.38%	2,771.00	30,808.40	33,579.40
1997	8.38%	3,003.00	30,576.19	33,579.19
1998	8.38%	3,255.00	30,324.54	33,579.54
1999	8.38%	3,528.00	30,051.77	33,579.77
2000	8.38%	3,823.00	29,756.12	33,579.12
2001	8.38%	4,144.00	29,435.76	33,579.76
2002	8.38%	4,491.00	29,088.49	33,579.49
2003	8.38%	4,867.00	28,712.14	33,579.14
2004	8.38%	5,275.00	28,304.29	33,579.29
2005	8.38%	5,717.00	27,862.24	33,579.24
2006	8.38%	6,196.00	27,383.16	33,579.16
2007	8.38%	6,716.00	26,863.93	33,579.93
2008	8.38%	7,279.00	26,301.13	33,580.13
2009	8.38%	7,888.00	25,691.15	33,579.15
2010	8.38%	8,550.00	25,030.14	33,580.14
2011	8.38%	9,266.00	24,313.65	33,579.65
2012	8.38%	10,042.00	23,537.16	33,579.16
2013	8.38%	10,884.00	22,695.64	33,579.64
2014	8.38%	11,796.00	21,783.56	33,579.56
2015	8.38%	12,785.00	20,795.05	33,580.05
2016	8.38%	13,856.00	19,723.67	33,579.67
2017	8.38%	15,017.00	18,562.54	33,579.54
2018	8.38%	16,275.00	17,304.11	33,579.11
2019	8.38%	17,639.00	15,940.27	33,579.27
2020	8.38%	19,117.00	14,462.12	33,579.12
2021	8.38%	20,720.00	12,860.12	33,580.12
2022	8.38%	22,456.00	11,123.78	33,579.78
2023	8.38%	24,338.00	9,241.97	33,579.97
2024	8.38%	26,377.00	7,202.44	33,579.44
2025	8.38%	28,588.00	4,992.05	33,580.05
2026	8.38%	<u>30,983.00</u>	<u>2,596.38</u>	<u>33,579.38</u>
		381,884.00	954,942.28	1,336,826.28

ADOPTED: May 13, 1986

  
Claude J. Hunt, Mayor

ATTEST: Connie A. Hanson  
RECORDER

COUNCIL:

Deanne L. Woods  
Louise Berry  
Chub P. Cannon  
\_\_\_\_\_  
\_\_\_\_\_

RESOLUTION NO. 7

12-9-86

SECOND SUPPLEMENTAL RESOLUTION

to 1985-86-07

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A PUBLIC SEWERAGE FACILITIES FOR THE TOWN OF WINFIELD (HEREIN THE "TOWN") AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 B AND NOT MORE THAN \$450,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1986; AUTHORIZING THE TOWN TO ENTER INTO AN AGREEMENT WITH A BANKING INSTITUTION FOR THE EXTENSION OF CREDIT TO BORROW NOT MORE THAN \$300,000 OUTSTANDING AT ANY ONE TIME TO DEFRAY CERTAIN COSTS ATTENDANT TO THE PROJECT (HEREIN DEFINED) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES: AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO" ENACTED BY THE COUNCIL OF THE TOWN

OF WINFIELD, WEST VIRGINIA ON MAY 13, 1986; AND OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The Town of Winfield, West Virginia (the "Town"), on May 13, 1986, passed an ordinance entitled "An Ordinance authorizing the acquisition and construction of a public sewerage facilities for the Town of Winfield and the financing of the cost not otherwise provided, thereof, through the issuance by the Town of not more than \$500,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 A, not more than \$200,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 B and not more than \$450,000 in aggregate principal amount of Town of Winfield Sewerage System Grant Anticipation Notes, Series 1986; authorizing the Town to enter into an agreement with a banking institution for the extension of credit to borrow not more than \$300,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto" (the "Ordinance"), all in accordance with the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended

(the "Act"), which Ordinance became effective on October 14, 1986; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, on November 8, 1986 the Governing Body adopted a Supplemental Resolution setting for certain terms of the Bonds and amending certain provisions of the Ordinance; and

WHEREAS, it has been determined that certain other parts of the Ordinance need to be modified; and

WHEREAS, it is the intention of Governing Body of the Town of Winfield, West Virginia that this Resolution is, and the same shall be treated as, part of the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, and that matters relating to the Bonds be herein provided for.

NOW, THEREFORE, Be It Resolved by the Council of The Town of Winfield, West Virginia:

1. The Form of the Series 1986 A Bond is hereby amended to read as follows:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WINFIELD, PUTNAM COUNTY  
SEWER REVENUE BONDS, SERIES 1986 A

No. R-\_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That the Town of Winfield, a municipal corporation and a political subdivision of the State of West Virginia in Putnam County of said State, (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of \_\_\_\_\_ (\$\_\_\_\_\_), in installments on \_\_\_\_\_ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with final maturity of this Bond on the 1st day of \_\_\_\_\_, \_\_\_\_\_ with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor and until payment of such installment, and such interest shall be payable on the 1st day of \_\_\_\_\_, and the 1st day of \_\_\_\_\_ in each year beginning \_\_\_\_\_ 1, 19\_\_\_\_. The principal of this Bond is payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent, Charleston, West Virginia, through \_\_\_\_\_, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date.

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new waste water

treatment facilities, the installation of an aerated lagoon, settling basin and sewerage collection, transportation and transmission facilities of the Town and the financing of the cost not otherwise provided, thereof (the "Project") (the Project, together with any improvements and extensions thereto, is hereinafter referred to as the "System"), (ii) to pay certain costs of issuance hereof and related costs and (iii) to pay capitalized interest on the Bonds. 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 of the West Virginia Code of 1931, as amended (the "Act"), and the Ordinance duly adopted by the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, as supplemented on \_\_\_\_\_, 19\_\_\_\_, (collectively the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Town (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance for the Bonds of this Series (the "Series 1986 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 Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal

year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any fiscal year, and the reserve account for any obligations prior to or on a parity with the Series 1986 A Bonds is funded at the requirement therefore, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Holder of this Bond.

This Bond is exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

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

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

IN WITNESS WHEREOF, the TOWN OF WINFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereto affixed and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1986.

TOWN OF WINFIELD

[SEAL]

By: \_\_\_\_\_  
Its: Mayor

ATTEST:

By: \_\_\_\_\_  
Its: Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above:

Dated: \_\_\_\_\_ as Bond Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto \_\_\_\_\_

\_\_\_\_\_ the Sewer Revenue Bond, Series 1986 A, dated \_\_\_\_\_ of the Town of Winfield, 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 Public Service District with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

2. Section 5.03 of the Ordinance shall be amended and reenacted to read as follows:

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Town shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Series 1986 A Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semi-annual interest payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Sinking Fund and the next semi-annual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

(3) The Town shall also, on the first date of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds.

(4) The Town shall also, on the first day of each month, commencing thirteen (13) months prior to the first day of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to one one-hundred and twentieth (1/120) of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 A Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1986 A Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account in the Series 1986 A Bonds Sinking Fund shall be used only for the purpose of paying principal of or interest on the Series 1986 A Bonds, as the same shall come due, when other moneys in the Series 1986 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Until such time as the amount on deposit in the Series 1986 A Bonds Reserve Account, equals the Series 1986 A Bonds Reserve Requirements, investment earnings on moneys in the Series 1986 A Bonds Reserve Account shall be retained in the Series 1986 A Bonds Reserve Account. When the amount on deposit in the Series 1986 A Bonds Reserve Account equals the Series 1986 A Bonds Reserve Requirement, all investment earnings on moneys in the Series 1986 A Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 A Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 A Bonds. Provided, however, that investment earnings on moneys representing Series 1986 A Bond proceeds and payments from customers shall be transferred to the Bond Construction Trust Fund while the Project is under construction.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Series 1986 A Bonds have been made in full.

(5) The Town shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund or into the Reserve Account in said Sinking Fund when the

aggregate amount of funds in said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of the Series 1986 A Bonds issued pursuant to this Ordinance then Outstanding; plus the amount of interest due or thereafter to become due as of the next annual payment date on said Bonds then Outstanding.

The Town shall not be required to make any further payments into the Series 1986 B Bonds Sinking Fund or into the Reserve Account in said Sinking Fund when the aggregate amount of funds in said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of the Series 1986 B Bonds issued pursuant to this Ordinance then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1986 A Bonds are issued, provision shall be made for additional payments in said Series 1986 A Bonds 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 Series 1986 A Bonds Reserve Account in said Series 1986 A Bonds Sinking Fund in an amount equal to the maximum provided and required to be paid into the Series 1986 A Bonds Sinking Fund in any Fiscal Year for account of all the Series 1986 A Bonds, including such additional Bonds which by their terms are payable from said Series 1986 A Bonds Sinking Fund.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Town at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1986 A and Series 1986 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

(6) Thereafter, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing with the month next succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Reserve Accounts in the Sinking Funds hereunder. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in either Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.01(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Bond and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 1986 B Bonds as the same shall become due. Moneys in the Series 1986 B Bonds Reserve Account in the Series 1986 B Bonds

Sinking Fund shall be used only for the purpose of paying principal of the Series 1986 B Bonds, as the same shall come due, when other moneys in the Series 1986 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Until such time as the amount on deposit in the Series 1986 B Bonds Reserve Account equals the Series 1986 B Bonds Reserve Requirement, investment earnings on moneys in the Series 1986 B Reserve Account shall be retained in the Series 1986 B Bonds Reserve Account. When the amount on deposit in the Series 1986 B Bonds Reserve Account equals the Series 1986 B Bonds Reserve Requirement, all investment earnings on moneys in the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 B Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 B Bonds. Provided, however, that all investment earnings on moneys representing Series 1986 B Bond proceeds and payments from customers shall be transferred to the Bond Construction Trust Fund while the Project is under construction.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Sinking Fund, the Series 1986 Reserve Account, and the 1986 Series A Renewal and Replacement Fund, and the Series 1986 B Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B 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 Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Town at the times provided 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 said Revenue Funds a balance in excess of the estimated amounts required to be so transferred and paid into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System, including a pledge to and payment of GANS.

C. The Town shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. 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.

F. All remittances made by the Town to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

3. Section 7.07 of the Ordinance shall be amended and reenacted as follows:

Section 7.07. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any twelve (12) consecutive months, within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred and fifteen percent (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:

- (A) The Original Bonds then Outstanding;
- (B) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (C) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of three (3) succeeding year", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such additional parity Bonds and (b) any increase in rates enacted by the Town, the period for appeal of which has expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional parity Bonds.

The Net Revenues actually derived from the system during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the Town shall have entered into written contracts for the immediately construction or acquisition of such additions, betterments or improvements, if any, to the system that are to be financed by such additional parity Bonds.

The term "Additional Parity Bonds", as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Series 1986 B Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Town 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 Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

All Additional Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Additional 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 both the Series 1986

A Bonds and the Series 1986 B Bonds on such revenues. The Town 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 either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

Notwithstanding the foregoing, bonds on a parity with the Series 1986 A Bonds and Series 1986 B Bonds may be issued solely for the purpose of completing the Project as described in the Loan Agreement and Supplemental Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Town the written consent of the Authority to the issuance of such bonds.

4. Section 9.03 of the Ordinance shall be amended and reenacted to read as follows:

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 Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner shall, in addition to all other remedies or rights, have the right to appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town 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 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 Ordinance 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 Town exercise all the rights and powers of the Town respect to said facilities as the Town itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Ordinance for Reserve Account, Sinking Fund or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner 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 Town and for the joint protection and benefit of the Town and Registered Owners. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Town and Registered Owners and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, or otherwise dispose of any assets of the Systems.

5. Section 11.05 of the Ordinance is hereby amended and reenacted to read as follows:

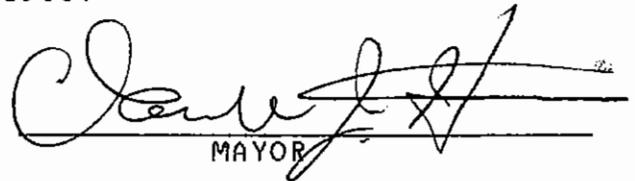
Section 11.05. Amendments to Maintain Tax Exemption.  
The Town hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the Notes, Bonds and Line of Credit to be issued in such form as to render, assure and maintain the exemption (of interest thereon) from federal income taxation thereafter without the consent of or notice to the Holders of the Bonds.

6. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by Louise Barr, seconded by Diann Hodges to adopt this Resolution.

Motion carried unanimously.

ENACTED: December 9, 1986.

  
MAYOR

Connie S. Danson  
RECORDER

RESOLUTION NO. C

10-13-87

THIRD SUPPLEMENTAL RESOLUTION

Jo: 1985-84-07

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A PUBLIC SEWERAGE FACILITIES FOR THE TOWN OF WINFIELD (HEREIN THE "TOWN") AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 B AND NOT MORE THAN \$450,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1986; AUTHORIZING THE TOWN TO ENTER INTO AN AGREEMENT WITH A BANKING INSTITUTION FOR THE EXTENSION OF CREDIT TO BORROW NOT MORE THAN \$300,000 OUTSTANDING AT ANY ONE TIME TO DEFRAY CERTAIN COSTS ATTENDANT TO THE PROJECT (HEREIN DEFINED) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES: AUTHORIZING EXECTUION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO" ENACTED BY THE COUNCIL OF THE TOWN OF WINFIELD, WEST VIRGINIA ON MAY 13, 1986; AND OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

RESOLUTION NO.     C    

10-13-87

THIRD SUPPLEMENTAL RESOLUTION

Jo: 1985-84-07

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A PUBLIC SEWERAGE FACILITIES FOR THE TOWN OF WINFIELD (HEREIN THE "TOWN") AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWER REVENUE BONDS, SERIES 1986 B AND NOT MORE THAN \$450,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF WINFIELD SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1986; AUTHORIZING THE TOWN TO ENTER INTO AN AGREEMENT WITH A BANKING INSTITUTION FOR THE EXTENSION OF CREDIT TO BORROW NOT MORE THAN \$300,000 OUTSTANDING AT ANY ONE TIME TO DEFRAY CERTAIN COSTS ATTENDANT TO THE PROJECT (HEREIN DEFINED) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES: AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO" ENACTED BY THE COUNCIL OF THE TOWN OF WINFIELD, WEST VIRGINIA ON MAY 13, 1986; AND OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The Town of Winfield, West Virginia (the "Town"), on May 13, 1986, passed an ordinance entitled "An Ordinance authorizing the acquisition and construction of a public sewerage facilities for the Town of Winfield and the financing of the cost not otherwise provided, thereof, through the issuance by the Town of not more than \$500,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 A, not more than \$200,000 in aggregate principal amount of Town of Winfield Sewer Revenue Bonds, Series 1986 B and not more than \$450,000 in aggregate principal amount of Town of Winfield Sewerage System Grant Anticipation Notes, Series 1986; authorizing the Town to enter into an agreement with a banking institution for the extension of credit to borrow not more than \$300,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto" (the "Ordinance"), all in accordance with the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), which Ordinance became effective on October 14, 1986; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate,

interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, on November 8, 1986 the Governing Body adopted a Supplemental Resolution setting for certain terms of the Bonds and amending certain provisions of the Ordinance; and

WHEREAS, on December 9, 1986, the Governing Body adopted a Second Supplemental Resolution, which amended and modified certain portions of the Ordinance; and

WHEREAS, on December 15, 1986, the Bonds were issued and were purchased by the West Virginia Water Development Authority (the "WDA"); and

WHEREAS, by letter dated July 1, 1987, the Charleston National Bank resigned as Depository Bank under the Ordinance, effective upon the appointment of a successor; and

WHEREAS, the Governing Body has accepted the resignation of the Charleston National Bank as Depository Bank and has appointed the Bank of Buffalo to act as Depository Bank under the Ordinance and the WDA has consented to such resignation and appointment of the successor as evidence by its letter dated \_\_\_\_\_, a copy of which is attached hereto and made a part hereof; and

WHEREAS, the Governing Body deems it essential and desirable that this Third Supplemental Resolution be adopted in order to appoint a successor Depository Bank.

NOW, THEREFORE, Be It Resolved by the Council of The Town of Winfield, West Virginia:

1. The Governing Body hereby accepts the resignation of the Charleston National Bank, as Depository Bank under the Ordinance, such resignation shall become effective upon the payment by the bank to its successor of all moneys held by it and upon the filing with the Governing Body and WDA by the bank of a statement of all receipts and disbursements relating to the Bonds.

2. The Bank of Buffalo is hereby appointed as Depository Bank under the Ordinance. The Bank of Buffalo shall designate its acceptance of such appointment by filing a written acceptance with the Governing Body and WDA. Henceforth all references in the Ordinance to Depository Bank shall be deemed to refer to the Bank of Buffalo.

3. This Third Supplemental Resolution shall take effect immediately upon its adoption.

Motion by Arvie Kelso, seconded by George Armstrong, to adopt this Resolution.

Motion carried unanimously.

ENACTED: October 13, 1987.

Claude J. H.  
MAYOR

Conie S. Dansem  
RECORDER

**TOWN OF WINFIELD**

**Sewer Revenue Bonds,  
Series 1994 A and Series 1994 B**

**BOND ORDINANCE**

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TOWN OF WINFIELD

ORDINANCE AUTHORIZING THE ISSUANCE OF \$268,000 SEWER REVENUE BONDS, SERIES 1994 A, AND \$60,000 SEWER REVENUE BONDS, SERIES 1994 B, OF THE TOWN OF WINFIELD, ON A PARITY WITH THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, AND SENIOR AND PRIOR TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 B, OF THE TOWN, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND ADDITIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01.      Authority for This Ordinance. This Ordinance is adopted and enacted 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 Town of Winfield (the "Issuer") is a municipal corporation and a political subdivision of the State of West Virginia in Putnam 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 system and desires to acquire, construct and operate certain additional public sewerage facilities consisting of certain extensions, improvements and additions to such existing sewerage facilities, with all appurtenant facilities. The Sanitary Board of the Issuer has duly petitioned the Council for passage of this Ordinance, which petition was heretofore filed with the Recorder.

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 extensions, improvements and additions to the existing sewerage facilities of the Issuer, consisting of 3,380 feet of 8-inch sewer line, 3,060 feet of 4-inch force main, 12 manholes, a lift station and service laterals to the east of its existing system, and 4,030 feet of 8-inch sewer line, 1,900 feet of 4-inch force main, 17 manholes, one lift station and service laterals to the west of its existing system, together 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 Recorder of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further extensions, improvements or additions thereto, are herein called the "System." 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 after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (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 \$607,220, of which \$328,000 will be obtained from the proceeds of sale of the Bonds herein authorized, \$217,110 from a grant by the Appalachian Regional Commission, and \$62,110 from Tap Fees and local contributions to the Issuer.

E. It is necessary for the Issuer to issue its sewer revenue bonds in the total aggregate principal amount of \$328,000, in two series, being the Series 1994 A Bonds (hereinafter defined) in the aggregate principal amount of \$268,000, and the Series 1994 B Bonds (hereinafter defined) in the aggregate principal amount of \$60,000 (collectively, the "Bonds"), to 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 acquisition of any property rights, easements and franchises, deemed necessary or convenient therefor; interest on the Bonds 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 such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The period of usefulness of the System, as herein defined, after completion of the Project is not less than 40 years.

G. There is outstanding an obligation of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1986 A, dated December 15, 1986, issued in the original aggregate principal amount of \$381,884, and held by the West Virginia Water Development Authority (the "Series 1986 A Bonds").

There is outstanding an obligation of the Issuer which will rank junior and subordinate to the Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1986 B, dated December 15, 1986, issued in the original aggregate principal amount of \$93,666, and held by the West Virginia Water Development Authority (the "Series 1986 B Bonds"). The Series 1986 A Bonds and the Series 1986 B Bonds are collectively referred to herein as the "Prior Bonds." There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge and source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, the ordinances and resolutions authorizing the issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of the Bonds.

H. It is in the best interest of the Issuer that the Bonds be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated July 14, 1992, and 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 Bonds, or will have so complied prior to issuance of the Bonds, 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.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners (hereinafter defined) 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 Bonds.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Recorder.

"Bonds" means, collectively, the Series 1994 A Bonds and the Series 1994 B Bonds, authorized to be issued hereby.

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

"Consulting Engineer" means Randolph Engineering, Inc., Scott Depot, 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 The Buffalo Bank, Eleanor, 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, extensions and improvements 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.

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means the Town of Winfield, a municipal corporation in Putnam County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 14, 1993, and all 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.

"Operating Expenses," unless qualified, means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the cost of the Project, fees and expenses of fiscal agents, registrars, paying agents, trustee and the Depository Bank, 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 or the Prior 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.

"Ordinances" means, collectively, the Prior Ordinance and the Bond Legislation.

"Prior Bonds" means, collectively, the outstanding Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of the Issuer, described in Section 1.02G hereof.

"Prior Ordinance" means, collectively, the ordinance of the Issuer enacted October 14, 1986, and as supplemented by supplemental resolutions of the Issuer adopted November 8, 1986, December 9, 1986, and October 13, 1987, authorizing the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped

from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (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.

"Recorder" means the Recorder of the Issuer.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"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.

"Series 1986 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 A, dated December 15, 1986, issued in the original aggregate principal amount of \$381,884.

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B, dated December 15, 1986, issued in the original aggregate principal amount of \$93,666.

"Series 1994 A Bonds" means the \$268,000 aggregate principal amount of Sewer Revenue Bonds, Series 1994 A, of the Issuer, authorized to be issued hereby.

"Series 1994 B Bonds" means the \$60,000 aggregate principal amount of Sewer Revenue Bonds, Series 1994 B, of the Issuer, authorized to be issued hereby.

"State" means the State of West Virginia.

"System" means the complete sewerage facilities of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall also include any additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage 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 the acquisition and construction of the Project, at an estimated cost of \$607,220, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01.      Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 1994 A" and "Sewer Revenue Bonds, Series 1994 B," are hereby authorized to be issued in the respective principal amounts of \$268,000 and \$60,000 for a total aggregate principal amount of not exceeding \$328,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02.      Description of Bonds. A. The Series 1994 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 1994 A Bonds shall bear interest from date of delivery, payable monthly at the rate of 5.375% per annum, and shall be sold for the par value thereof.

B. The Series 1994 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 1994 B Bonds shall bear interest from the date of delivery, payable monthly at the rate of 5.375% per annum, and shall be sold for the par value thereof.

The Bonds 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 respective Bond forms hereinafter set forth.

Section 3.03.      Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds 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 Bonds, and the right to principal of and stated interest on the Bonds, 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 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bonds 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 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

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 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, 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 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be 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 Bonds. The Bonds 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 Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Issuer before the 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. The 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 3.06.      Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver new Bonds of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds 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 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Bonds shall have matured or be about to mature, instead of

issuing substitute Bonds the Issuer may pay the same, and, if such Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07.      Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and on a parity with each other by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for, such lien and pledge being on a parity with the lien and pledge of the Series 1986 A Bonds and senior and prior to the lien and pledge of the Series 1986 B Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and the Prior Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds and the Prior Bonds as the same become due.

Section 3.08.      Form of Bonds. Subject to the provisions hereof, the text of the Bonds 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 after the date of enactment hereof and prior to the issuance thereof:

[FORM OF SERIES 1994 A BOND]

TOWN OF WINFIELD

SEWER REVENUE BOND, SERIES 1994 A

\$268,000

No. AR-1

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

FOR VALUE RECEIVED, the TOWN OF WINFIELD (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 HUNDRED SIXTY-EIGHT THOUSAND DOLLARS (\$268,000), plus interest on the unpaid principal balance at the rate of 5.375% 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 twenty-four months after the date hereof, and \$1,383, 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 Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions 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. 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 herein 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, as amended (the "Act"), and an Ordinance of the Borrower duly 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 Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

**THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:**

**(i) SEWER REVENUE BONDS, SERIES 1994 B, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$60,000; AND**

**(ii) SEWER REVENUE BONDS, SERIES 1986 A, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$381,884, AND DESCRIBED IN THE ORDINANCE.**

**THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE BORROWER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,666, AND DESCRIBED IN THE ORDINANCE.**

IN WITNESS WHEREOF, the TOWN OF WINFIELD 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 Recorder, all as of the date hereinabove written.

TOWN OF WINFIELD  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Mayor  
(Title of Executive Official)

Post Office Box 269  
(P. O. Box No. or Street Address)

Winfield, West Virginia 25213  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Recorder  
(Title of Attesting Official)

[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:

\_\_\_\_\_

[FORM OF SERIES 1994 B BOND]

TOWN OF WINFIELD

SEWER REVENUE BOND, SERIES 1994 B

\$60,000

No. BR-1

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

FOR VALUE RECEIVED, the TOWN OF WINFIELD (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 SIXTY THOUSAND DOLLARS (\$60,000), plus interest on the unpaid principal balance at the rate of 5.375% 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 twenty-four months after the date hereof, and \$310, 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 Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions 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. 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 herein 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, as amended (the "Act"), and an Ordinance of the Borrower duly 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 Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

**THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:**

(i) SEWER REVENUE BONDS, SERIES 1994 A, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$268,000; AND

(ii) SEWER REVENUE BONDS, SERIES 1986 A, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$381,884, AND DESCRIBED IN THE ORDINANCE.

**THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE BORROWER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,666, AND DESCRIBED IN THE ORDINANCE.**

IN WITNESS WHEREOF, the TOWN OF WINFIELD 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 Recorder, all as of the date hereinabove written.

TOWN OF WINFIELD

(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Mayor

(Title of Executive Official)

Post Office Box 269

(P. O. Box No. or Street Address)

Winfield, West Virginia 25213

(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Recorder

(Title of Attesting Official)

[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

### SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank and Commission. A. The following special funds or accounts are created and established 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 from each other:

- (1) Revenue Fund (established by the Prior Ordinance);
- (2) Operation and Maintenance Fund (established by the Prior Ordinance);
- (3) Renewal and Replacement Fund (established by the Prior Ordinance);
- (4) 1994 Reserve Account; and
- (5) Project Construction Account.

B. The following special funds or accounts previously established by the Prior Ordinance for the Prior Bonds are hereby continued with the Commission:

- (1) Series 1986 A Bonds Sinking Fund;
  - (a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account; and
- (2) Series 1986 B Bonds Sinking Fund;
  - (a) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bonds 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.

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 Bonds if there are not sufficient Net Revenues to make such monthly payment.

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.

Pending application as provided in this Section 4.02, 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 4.03. Covenants of the Issuer as to Revenues and Funds.** So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the reserve accounts of the respective Bonds, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the respective Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holders of the Bonds 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 in the Ordinances 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 Ordinances.

**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, subject to the provisions of the Prior Ordinance:

(1) The Issuer shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance

Fund an amount sufficient to pay current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, (i) on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1986 A Bonds Sinking Fund, for payment of principal of and interest on the Series 1986 A Bonds; and (ii) simultaneously with the transfer set forth in subsection 4.03B(2)(i), on the first day of each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds (or such other place as may be subsequently designated pursuant to the Bonds), the amounts required to pay the interest on the Bonds; and to amortize the principal of the Bonds over the respective life of the Bonds. All payments on the Series 1986 A Bonds and the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall also, (i) on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1986 A Bonds Reserve Account; and (ii) simultaneously with the transfer set forth in subsection 4.03B(3)(i), on the first day of each month, transfer from the Revenue Fund and deposit in the 1994 Reserve Account, 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 Bonds in any year, until the amount in the 1994 Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the 1994 Reserve Account, the Issuer shall monthly deposit into the 1994 Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the Minimum Reserve in the 1994 Reserve Account. Moneys in the 1994 Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory

prepayment of the Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the 1994 Reserve Account, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for prepayment of the principal of the Bonds.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, as previously set forth in the Prior Ordinance and not in addition thereto, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1986 A Bonds Reserve Account and the 1994 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 of the Prior Ordinance. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1986 A Bonds Reserve Account or the 1994 Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by the Prior Ordinance] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1986 B Bonds Sinking Fund for payment of principal of the Series 1986 B Bonds.

(6) The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1986 B Bonds Reserve Account.

(7) 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 may be used to prepay installments of the Series 1986 A Bonds and the Bonds outstanding and, thereafter the Series 1986 B Bonds outstanding, or for any lawful purpose.

Whenever the moneys in the 1994 Reserve Account shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds 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 1994 Reserve Account and the Renewal and Replacement Fund as herein provided, and all amounts required for the 1994 Reserve Account and the Renewal and Replacement 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.

All the funds provided for in this Article IV other than the Project Construction Account 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 Bonds 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.

Subject to the Prior Ordinance, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the 1994 Reserve Account and the Renewal and Replacement 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 in the Prior Ordinance, 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 1994 Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January 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 Bonds, provide evidence that there will be at least 632 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 V

### GENERAL COVENANTS

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1994 Reserve Account, a sum sufficient to prepay the entire principal of the Bonds 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 Holders of the Bonds.

Section 5.02. 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 Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 115% of the maximum annual debt service on the Bonds and the Prior Bonds and sufficient to make the payments required to be made herein into the respective reserve accounts of the Bonds and the Prior Bonds and the Renewal and Replacement 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 Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. 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.

Section 5.05. 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 Bonds 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 and mechanical and electrical equipment in place or stored on the site in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any

portion of the System, the 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 Bonds.

(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 District 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 shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the Issuer 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 \$50,000 upon the Recorder, 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 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holders of the 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 and shall take effect immediately upon the delivery of the Bonds, such statutory mortgage lien being on a parity with the statutory mortgage lien in favor of the holders of the Series 1986 A Bonds and senior and prior to the statutory mortgage lien in favor of the holders of the Series 1986 B Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on the Bonds at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser 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 the Purchaser, 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 5.09.      Fiscal Year; Budget. While the Bonds 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 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.

Section 5.10.      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 Recorder on the date of adoption hereof, subject to permitted changes.

Section 5.11.      Books and Records. 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 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. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12.        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 Bonds are outstanding.

Section 5.13.        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 5.14.        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 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.

## ARTICLE VI

### RATES, ETC.

Section 6.01. 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 January 12, 1988.

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 VII

### MISCELLANEOUS

Section 7.01.      Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bonds, 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 Holders of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02.      Modification or Amendment. The Bond Legislation may not be materially modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03.      Delivery of Bonds. The Mayor is hereby authorized and directed to cause the Bonds, 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 7.04.      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 or the Bonds.

Section 7.05.      Prior Ordinance; 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) and the Prior Ordinance (so long as the Prior Bonds are outstanding).

Section 7.06.      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 7.07.      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 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, Recorder 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 7.08.      Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09.      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 two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in The Putnam-Democrat, a qualified newspaper published and of general circulation in the Town of Winfield, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder 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                      February 14, 1994.

Passed on Second Reading                    February 21, 1994.

Passed on Final Reading  
Following Public Hearing  
and Effective                                      March 7, 1994.



\_\_\_\_\_  
Mayor



\_\_\_\_\_  
Recorder

03/07/94  
WINC.A2  
98183/92001

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF WINFIELD on the 7th day of March, 1994, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the Town of Winfield this 28th day of March, 1994.

[SEAL]

*Connie S. Sansom*

---

Recorder

**TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2002  
(STATE REVOLVING FUND)**

**BOND ORDINANCE**

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TOWN OF WINFIELD

ORDINANCE AUTHORIZING THE DESIGN OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WINFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2002 (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A.     The Town of Winfield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Putnam 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 designed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of sewer line replacements and manhole repairs and replacements, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements are herein called the "System").

C. The Issuer intends to finance the costs of design 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, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond, Series 2002 (State Revolving Fund), in the aggregate principal amount of not more than \$100,000 (the "Series 2002 Bond"), to finance the costs of design of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 2002 Bond 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, 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 2002 Bond and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of design of the Project, 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 2002 Bond or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System is not less than 25 years.

F. It is in the best interests of the Issuer that its Series 2002 Bond be sold to the Authority pursuant to the terms and provisions of a loan 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 (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer that will rank on a parity with the Series 2002 Bond as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1986 A, dated December 15, 1986, issued in the original principal amount of \$381,884 (the "Series 1986 A Bonds"), and the Sewer Revenue Bonds, Series 1994 A and Series 1994 B, dated March 28, 1994, issued in the original principal amounts of \$268,000 and \$60,000, respectively (the "Series 1994 A Bonds" and the "Series 1994 B Bonds"), and junior and subordinate to the Series 2002 Bond as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1986 B, dated December 15, 1986, and issued in the original principal amount of \$93,666 (the "Series 1986 B Bonds") (collectively, the "Prior Bonds").

The Series 2002 Bond shall be issued on a parity with the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds, with the Series 1986 B Bonds being junior and subordinate thereto, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2002 Bond, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; (ii) the written consent of the Holders of the Series 1986 A Bonds, the Series 1994 A Bonds and the 1994 B Bonds to the issuance of the Series 2002 Bond on a parity

with the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds; and (iii) the written consent of the Holder of the Series 1986 B Bonds to the issuance of the Series 2002 Bond senior and prior to the Series 1986 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2002 Bond and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the design of the Project and the System, the issuance of the Series 2002 Bond, 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 Infrastructure Council and, if necessary, 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 2002 Bond 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 2002 Bond for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 Bond 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 2002 Bond, all of 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 Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 Bond, 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 2002 Bond, 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 2002 Bond for all or a portion of the proceeds of the Series 2002 Bond from the Authority.

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

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

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of design of the Project.

"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 Account" means the Depreciation Account created by the Prior Ordinances and continued hereby.

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

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

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

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

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

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

"Independent Certified Public Accountant" 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.

"Infrastructure Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Infrastructure Council.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2002 Bond from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2002 Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 Bond Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included

under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds 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 canceled 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 moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (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 bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Series 2002 Bond in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Sewer Revenue Bonds, Series 1986 A and Series 1986 B, dated December 15, 1986, issued in the original principal amounts of \$381,884 and \$93,666, respectively, and the Issuer's Sewer Revenue Bonds, Series 1994 A and Series 1994 B, dated March 28, 1994, issued in the original principal amounts of \$268,000 and \$60,000, respectively.

"Prior Ordinances" means, collectively, the 1986 Ordinance of the Issuer enacted on May 13, 1986, as supplemented by supplemental resolutions of the Issuer adopted November 8, 1986, and December 9, 1986, authorizing the issuance of the 1986 Bonds, and the 1994 Ordinance of the Issuer enacted on March 7, 1994.

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

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

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and

receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's 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 Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2002 Bond and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2002 Bond.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2002 Bond" means the Sewer Revenue Bond, Series 2002 (State Revolving Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2002 Bond Trust Fund" means the Series 2002 Bond Trust Fund created by Section 5.01 hereof.

"Series 2002 Bond Reserve Account" means the Series 2002 Bond Reserve Account created by Section 5.02 hereof.

"Series 2002 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 Bond in the then current or any succeeding year.

"Series 2002 Bond Sinking Fund" means the Series 2002 Bond Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Series 2002 Bond and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2002 Bond.

"SRF Program" means the West Virginia 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 2002 Bond; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2002 Bond, 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 Series 2002 Bond, the Prior Bonds or any other obligations 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 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.

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

## ARTICLE II

### AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost not to exceed \$100,000, to be prepared by the Consulting Engineers. The proceeds of the Series 2002 Bond hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into a contract for the design of the Project, in an amount and otherwise compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed \$100,000, which will be obtained from proceeds of the Series 2002 Bond.

### ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 Bond 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 2002 Bond of the Issuer. The Series 2002 Bond shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2002 (State Revolving Fund)," in the principal amount of not more than \$100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bond remaining after funding of the Series 2002 Bond Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2002 Bond Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. The Series 2002 Bond 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 Loan Agreement. The Series 2002 Bond shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002 Bond, if any, 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 2002 Bond 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 2002 Bond. The Series 2002 Bond 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 set forth in a Supplemental Resolution.

Section 3.03. Execution of Bond. The Series 2002 Bond 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 2002 Bond shall cease to be such officer of the Issuer before the Series 2002 Bond 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 2002 Bond 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 2002 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 2002 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 2002 Bond 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 2002 Bond 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 2002 Bond 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 2002 Bond 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 2002 Bond or transferring the registered Series 2002 Bond are exercised, all Series 2002 Bond shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2002 Bond surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2002 Bond, 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 2002 Bond during the period commencing on the 15th day of the month next

preceding an interest payment date on the Series 2002 Bond or, in the case of any proposed redemption of Series 2002 Bond, 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. Bond Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bond not to be Indebtedness of the Issuer. The Series 2002 Bond 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 System as herein provided. No Holder or Holders of the Series 2002 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bond or the interest thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2002 Bond 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 Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds and senior and prior to the lien on the Net Revenues in favor of the Holder of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 Bond and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bond. The Issuer shall execute and deliver the Series 2002 Bond to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2002 Bond to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 Bond to the original purchasers.

Section 3.10. Form of Bond. The text of the Series 2002 Bond 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  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2002  
(STATE REVOLVING FUND)

No. R-1

\$\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF WINFIELD, a municipal corporation and political subdivision of the State of West Virginia in Putnam 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 \_\_\_\_\_ THOUSAND \_\_\_\_\_ HUNDRED DOLLARS (\$\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 200\_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2002.

This Bond is issued (i) to pay the costs of design 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 this Bond 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2002, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 A, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$381,884 (THE "SERIES 1986 A BONDS"), AND THE ISSUER'S SEWER REVENUE BONDS, SERIES 1994 A AND SERIES 1994 B, DATED MARCH 28, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNTS OF \$268,000 AND \$60,000, RESPECTIVELY (THE "SERIES 1994 A BONDS" AND THE "SERIES 1994 B BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED DECEMBER 15, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$93,666 ( THE "SERIES 1986 B 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 System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds and senior and prior to the Series 1986 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 Bond Reserve Account"), and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2002 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2002 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond

Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the TOWN OF WINFIELD 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 \_\_\_\_\_, 2002.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 Bond 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: \_\_\_\_\_, 2002.

The City National Bank of West Virginia, as Registrar

By: \_\_\_\_\_  
Assistant Vice President/Trust Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ _____	/ /02	(3) \$ _____	
(2) \$ _____		(4) \$ _____	
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 Bond; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2002 Bond shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the design 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 created by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (created by the Prior Ordinances);
- (2) Operation and Maintenance Fund (created by the Prior Ordinances);
- (3) Renewal and Replacement Fund (created by the Prior Ordinances); and
- (4) Series 2002 Bond Trust Fund.

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

- (1) Series 2002 Bond Sinking Fund; and
- (2) Series 2002 Bond Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and 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 this Bond Legislation. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay the current Operating Expenses of the System.

(2) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the interest payments on the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds in the amounts and on the dates required by the Prior Ordinances, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 2002 Bond, for which interest has not been capitalized or as required in the Loan Agreement, shall remit to the Commission for deposit in the Series 2002 Bond Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2002 Bond on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 Bond Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the principal payments of the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds in the amounts and on the dates required by the Prior Ordinances, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2002 Bond, shall remit to the Commission for deposit in the Series 2002 Bond Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 Bond 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 2002 Bond Sinking Fund and the next quarterly principal payment date is less than 4 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) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the reserve account payments into the Reserve Accounts of the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds in the amounts and on the dates required by the Prior Ordinances, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2002 Bond, if not fully funded upon issuance of the Series 2002 Bond, shall remit to the Commission for deposit in the Series 2002 Bond Reserve Account, an amount equal to 1/120<sup>th</sup> of the Series 2002 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2002 Bond 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 2002 Bond Reserve Requirement.

(5) Next, from the moneys in the Revenue Fund, the Issuer shall make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinances.

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

(7) Next, from the moneys in the Revenue Fund, the Issuer shall make the principal payments of the Series 1986 B Bonds in the amounts and on the dates required by the Prior Ordinances.

(8) Next, from the moneys in the Revenue Fund, the Issuer shall make the reserve account payments into the Reserve Account of the Series 1986 B Bonds in the amounts and on the dates required by the Prior Ordinances.

Moneys in the Series 2002 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2002 Bond as the same shall become due. Moneys in the Series 2002 Bond Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2002 Bond, as the same shall come due, when other moneys in the Series 2002 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2002 Bond Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2002 Bond Trust Fund during design of the Project and thereafter, to the Series 2002 Bond Sinking Fund.

Any withdrawals from the Series 2002 Bond Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2002 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 Bond are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 Bond Sinking Fund or the Series 2002 Bond Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 Bond issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2002 Bond and the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds and thereafter, to the Series 1986 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority, the Issuer shall make the necessary arrangements whereby required payments into the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Series 2002 Bond Sinking Fund and Series 2002 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 Bond Outstanding 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, principal and reserve account payments, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

C. 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), commencing with the payment set forth in Section 5.03.A.(2) hereof, remit to the Commission the SRF Administrative Fee set forth in the Schedule Y attached to the Loan Agreement.

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

E. 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 shall be

required by law, such excess shall be considered as Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

F. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar 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 then due. If required by the Authority, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

G. The moneys 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 Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

H. 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 that would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

## ARTICLE VI

### BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2002 Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 Bond, there shall first be deposited with the Commission in the Series 2002 Bond Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2002 Bond, there shall be deposited with the Commission in the Series 2002 Bond Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 Bond Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2002 Bond, such moneys shall be deposited with the Depository Bank in the Series 2002 Bond 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 2002 Bond.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 Bond shall be expended as approved by the DEP.

Section 6.02. Disbursements From Bond Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2002 Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 Bond Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the design 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, moneys in the Series 2002 Bond 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 2002 Bond. 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 2002 Bond 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 2002 Bond or the interest thereon is Outstanding and unpaid.

Section 7.02. Bond not to be Indebtedness of the Issuer. The Series 2002 Bond shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2002 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bond or the interest thereon.

Section 7.03. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2002 Bond 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 Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds and senior and prior to the Holder of the Series 1986 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 Bond 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, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The current schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer tariff of the Issuer duly adopted and effective February 23, 2001.

So long as the Series 2002 Bond is outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2002 Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2002 Bond are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall,

with respect to the Series 2002 Bond, immediately be remitted to the Commission for deposit in the Series 2002 Bond Sinking Fund, and, with the written permission of the DEP and 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 on the Series 2002 Bond. Any balance remaining after the payment of the Series 2002 Bond and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount 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 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 2002 Bond. All obligations issued by the Issuer after the issuance of the Series 2002 Bond 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 2002 Bond; 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 2002 Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2002 Bond and the interest 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 Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 Bond pursuant to this Bond Legislation, 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).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 Bond.

No such Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 2002 Bond issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1994 A and Series 1994 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1994 A and Series 1994 B Bonds are no longer outstanding, the following parity requirement shall be met:

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

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

prior and superior lien of the Series 2002 Bond on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2002 Bond.

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 designing 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 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.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to design the Project. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority 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.

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. The Issuer shall maintain separate control accounting records. 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 that may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Issuer shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2002 Bond, and shall mail in each year to any Holder or Holders of the Series 2002 Bond, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2002 Bond and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2002 Bond. 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 Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the System at all reasonable times. Prior to, during and after completion of design 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.

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 Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2002 Bond, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of

the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 Bond, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2002 Bond Reserve Account and the Reserve Accounts for obligations on a parity with or junior to the Series 2002 Bond, 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 on the Series 2002 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 Bond, including the Prior 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.

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

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

Section 7.11. Engineering Services. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project will be designed as described in the application submitted to the Authority and the DEP.

The Issuer shall employ and retain qualified operating personnel properly certified by the State to operate the System so long as the Series 2002 Bond is outstanding.

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 or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the 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 2002 Bond remains 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.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR.

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

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

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

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 of Design; Permits and Orders. The Issuer shall cause the Project to be designed as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the design of the Project and the operation of the System, all orders and approvals from the Public Service Commission of West Virginia and the Infrastructure Council necessary for the design of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. 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 and the DEP or other state, federal or local bodies in regard to the design of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2002 Bond are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2002 Bond during the term thereof is, under the terms of the Series 2002 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2002 Bond during the term thereof is, under the terms of the Series 2002 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2002 Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2002 Bond

are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2002 Bond are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 Bond and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2002 Bond will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

## ARTICLE VIII

### INVESTMENTS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then

current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 Bond are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2002 Bond from gross income for federal income tax purposes.

Section 8.02. Non Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2002 Bond which would cause the Series 2002 Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations, and (ii) it shall take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2002 Bond) so that the interest on the Series 2002 Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2002 Bond are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2002 Bond are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2002 Bond are issued are not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2002 Bond and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2002 Bond. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. The Issuer shall obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary to maintain the exclusion of interest on the Series 2002 Bond from gross income for federal income tax purposes. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond year, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2002 Bond subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2002 Bond (as such term "gross proceeds" is defined in the Code).

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 Bond:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2002 Bond; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2002 Bond set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bond, and such default

shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a 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 however, that all rights and remedies of the Holders of the Series 2002 Bond shall be on a parity with those of the Holders of the Series 1986 A Bonds, the Series 1994 A Bonds and the Series 1994 B Bonds and senior and prior to those of the Holder of the Series 1986 B 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 design of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 2002 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 the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 Bond shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2002 Bond from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2002 Bond, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 Bond, 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 2002 Bond shall be made without the consent in writing of the Registered Owners of the Series 2002 Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2002 Bond required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2002 Bond 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 2002 Bond.

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance 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 *Putnam Democrat*, a qualified newspaper published and of general circulation in the Town of Winfield, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 Bond, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading:	July 9, 2002
Passed on Second Reading:	August 13, 2002
Passed on Third Reading:	September 10, 2002
Passed on Final Reading Following Public Hearing:	September 24, 2002

  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the  
TOWN OF WINFIELD and effective on the 24<sup>th</sup> day of September, 2002.

Dated: September 24, 2002.

[SEAL]

  
Recorder

\$99,250  
TOWN OF WINFIELD  
SEWER REVENUE BOND, SERIES 2003  
(STATE REVOLVING FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE TOWN OF WINFIELD SEWER REVENUE BOND, SERIES 2003 (STATE REVOLVING FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Town Council (the "Council") of the Town of Winfield (the "Issuer") has duly and officially enacted a Bond Ordinance effective on September 24, 2002 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE DESIGN OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WINFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2002 (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Ordinance provides for the issuance of the Sewer Revenue Bond, Series 2002 (State Revolving Fund), in the aggregate principal amount of not to exceed \$100,000;

WHEREAS, the Sewer Revenue Bond, Series 2002 (State Revolving Fund), was not issued in 2002, but will be issued in 2003;

WHEREAS, the Council desires to redesignate the Sewer Revenue Bond, Series 2002 (State Revolving Fund), as the Sewer Revenue Bond, Series 2003 (State Revolving Fund) (the "Bond");

WHEREAS, the Ordinance authorized the execution and delivery of a Loan Agreement by and among the Issuer, the West Virginia Water Development (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") relating to the Bond (the "Loan Agreement"), including all schedules and exhibits attached thereto, all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act");

WHEREAS, the Ordinance provided that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bond should be established by a supplemental resolution pertaining to the Bond; and other matters relating to the Bond be herein provided for;

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

WHEREAS, the Bond is proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, the Council deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted, that the Bond be redesignated, that the Loan Agreement be approved and ratified by the Issuer, and that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates, the sales price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WINFIELD AS FOLLOWS:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted, the Sewer Revenue Bond, Series 2002 (State Revolving Fund) is hereby redesignated as the Sewer Revenue Bond, Series 2003 (State Revolving Fund), and there are hereby authorized and ordered to be issued the Town of Winfield Sewer Revenue Bond, Series 2003 (State Revolving Fund), originally represented by one bond, numbered R-1, in the principal amount of \$99,250. The Bond shall be dated the date of delivery thereof, shall finally mature March 1, 2023, and shall bear interest at the rate of two percent (2%) per annum. The principal of and interest on the Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2003, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond shall be subject to redemption upon the written consent of the DEP and the Authority, upon payment of the

redemption premium, if any, and upon continued compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bond. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Bond set forth in Schedule Y attached to the Loan Agreement.

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

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

Section 4. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission to serve as Paying Agent for the Bonds, and The City National Bank of West Virginia, Charleston, West Virginia, to serve as Registrar and Depository Bank.

Section 5. The proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Series 2003 Bond Trust Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bond.

Section 6. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bond hereby and by the Ordinance approved and provided for, to the end that the Bond may be delivered on or about January 9, 2003, to the Authority pursuant to the Loan Agreement.

Section 7. The financing of the Project in part with proceeds of the Bond is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2003 Bond Sinking Fund and the Series 2003 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves and accepts all contracts relating to the financing and design of the Project. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

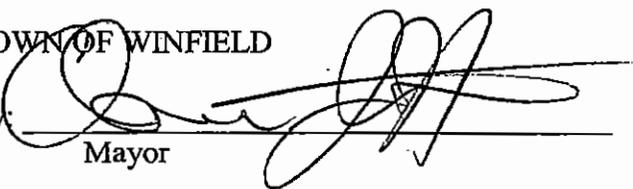
Section 11. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than \$5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 2003, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities that issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7<sup>th</sup> day of January, 2003

TOWN OF WINFIELD

[SEAL]

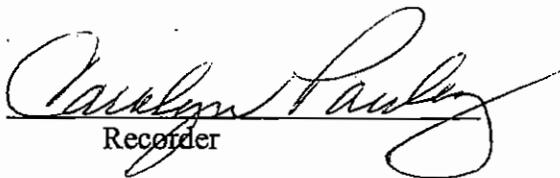
By:   
Mayor

  
Recorder

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Town Council of the Town of Winfield on January 7, 2003.

Dated: January 9, 2003.

  
Recorder

[SEAL]

## ARTICLE 13

### SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS

#### Section

- 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
- 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
- 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
- 16-13-4. Payment of preliminary expenses of surveys, etc.
- 16-13-5. Ordinance necessary before acquisition or construction of works.
- 16-13-6. Publication and hearing upon ordinance.
- 16-13-7. Acquisition by condemnation or purchase.
- 16-13-8. Cost of works.
- 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.
- 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.
- 16-13-11. Additional bonds to extend or improve works.
- 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.
- 16-13-13. Application of revenue from bonds; lien.
- 16-13-14. Securing bonds by trust indenture.
- 16-13-15. Sinking fund; transfer of balance of net revenues.
- 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.
- 16-13-17. Government units subject to established rates.
- 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.
- 16-13-18a. Publication of financial statement.
- 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.
- 16-13-20. Discharge of lien on property acquired.
- 16-13-21. Action on certificates or attached coupons; receivers.
- 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.
- 16-13-22a. Grants, loans and advances.
- 16-13-22b. Contracts for abatement of pollution.
- 16-13-22c. Refunding bonds.
- 16-13-22d. Subordination of bonds.
- 16-13-22e. Operating contract.
- 16-13-22f. Exemption of bonds from taxation.
- 16-13-22g. Covenants with bondholders.
- 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.
- 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

**§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds**

(a) Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation:

(1) A sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined system pursuant to section one-b, article twenty, chapter eight of this code; and

(2) A stormwater collection system and control system, including all lines, pumping stations and all other facilities and appurtenances necessary or useful and convenient for the collection and control of stormwater, and an associated stormwater management program.

(b) Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property.

(c) Any municipality may serve and supply the facilities of such sewerage system and a stormwater system and associated stormwater management program within the corporate limits of the municipality and within the area extending twenty miles beyond the corporate limits of such municipality: provided, however, That the municipality may not serve or supply the facilities of such sewerage system or stormwater system within the corporate limits of any other municipality without the consent of the governing body thereof: provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) No obligations shall be incurred by any municipality and/or sanitary district in construction or acquisition except such as is payable solely from the funds provided under the authority of this article.

(e) No municipal corporation or sanitary district may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a

owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1933, Ex. Sess., c. 25, § 1; Acts 1955, c. 132; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

**Key Numbers**

Municipal Corporations Ⓒ270, 708, 711, 950.  
Westlaw Key Number Searches: 268k270;  
268k708; 268k711; 268k950.

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1535 to 1536, 1708 to 1709.

**Notes of Decisions**

- Construction and application** 1
- Jurisdiction** 7
- Police power** 3
- Power to incur indebtedness and expenditures** 6
- Public improvements** 5
- Regulation of public utilities** 2
- Revenue bonds for construction** 4

**1. Construction and application**

Statutes dealing with municipally owned and operated sewer systems should be read and construed together. Code, 8-4-20, 16-13-1, 16-13-2, 16-13-16, 24-1-1 et seq., 24-2-1 et seq., 24-3-1 et seq. *Delardas v. Morgantown Water Commission*, 1964; 137 S.E.2d 426, 148 W.Va. 776. Statutes Ⓒ 223.2(21)

Statutes relating to supervision and regulation of public utilities by Public Service Commission and statute dealing with municipally owned sewer systems relate to the same subject and should be read and construed together. Code, 16-13-1 et seq., 24-1-1 et seq. State ex rel. *City of Wheeling v. Renick*, 1960, 116 S.E.2d 763, 145 W.Va. 640. Statutes Ⓒ 223.2(27)

**2. Regulation of public utilities**

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. *U.S. v. City of Charleston*, 1957, 149 F.Supp. 866. Health And Environment Ⓒ 6

Under statute declaring that words 'public utility' shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public ser-

mission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. *City of Wheeling v. Renick*, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities Ⓒ 113

Public Service Commission has statutory power and authority to control facilities, charges and services of all public utilities, and to hear complaints of persons entitled to services which such utilities afford, subject only to limitation that the requirements shall not be contrary to law and that they be just and fair, just and reasonable, and just and proper. Code, 16-13-1 et seq., 24-1-1 et seq. State ex rel. *City of Wheeling v. Renick*, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities Ⓒ 114

**3. Police power**

Statute delegating to municipal corporation power by ordinance to create sanitary boards and authorizing such sanitary boards to enter into contracts for construction of sewerage systems is a valid exercise of police power of state. Code, 16-13-1 et seq. *West Virginia Water Service Co. v. Cunningham*, 1957, '98 S.E.2d 891, 143 W.Va. 1. Constitutional Law Ⓒ 63(2)

Legislature may delegate police power to cities or counties, as it sees fit. *Brewer v. City of Point Pleasant*, 1934, 172 S.E. 717, 114 W.Va. 572. Constitutional Law Ⓒ 63(2)

**4. Revenue bonds for construction**

Plan of preparation expense in construction of municipal sewage treatment and disposal system constituted one of first items of expense

Works Agency which advanced money to meet such expense, from moment construction began, and, therefore, repayment of such advancements from proceeds of future revenue bond issues could not be held unlawful on ground that such payment would impair bondholders' security. Code W.Va. 16-13-16, 16-13-18, 16-13-22, 16-13-32; War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 950(15)

In action to cancel certain sewer revenue bonds issued by West Virginia City and to enjoin collection of sewerage service charges assessed for the purpose of liquidating such bonds, District Court was bound by decisions of Supreme Court of Appeals of West Virginia upholding the constitutionality of statute permitting municipalities to issue bonds for self-liquidating municipal projects. Laws W.Va. 1933, 1st Ex.Sess., c. 25, as amended by Laws W.Va. 1933, 2nd Ex.Sess., c. 48. Stevenson v. City of Bluefield, 1941, 39 F.Supp. 462. Federal Courts ⇨ 433

City located on or near state boundary and confronted with necessity of purchasing property and erecting sewage disposal plant in adjoining state held authorized under statute to issue revenue bonds payable solely from revenues of such plant. Acts 1933, 1st Ex.Sess., c. 25, as amended by Acts 1933, 2d Ex.Sess., c. 48. Bernard v. City of Bluefield, 1936, 186 S.E. 298, 117 W.Va. 556. Municipal Corporations ⇨ 919

#### 5. Public improvements

Under contract between municipal sanitary board and contractor requiring contractor to bear cost and expense of damage to surface, overhead or subsurface structures in construc-

tion of sanitary sewer system, contractor was liable to water company for expense of removal of all water and other pipes under streets which interfered with construction of sewer system. Code, 16-13-1 et seq., 16-13-17, 16-13-24. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇨ 400

#### 6. Power to incur indebtedness and expenditures

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 864(3)

#### 7. Jurisdiction

Taxpayers of a city seeking to enjoin collection by city of sewerage service charges assessed for purpose of liquidating bonds issued for construction of sewerage system could not invoke jurisdiction of federal court on ground that by reason of prior decisions of state court upholding validity of statute, under which bonds were issued and rates assessed, plaintiffs did not have a plain, speedy and efficient remedy in state court within meaning of Judicial Code. Laws W.Va. 1933, 1st Ex.Sess., c. 25, as amended by Laws W.Va. 1933, 2nd Ex.Sess., c. 48; Jud.Code, § 24(1), 28 U.S.C.A. § 1312. Stevenson v. City of Bluefield, 1941, 39 F.Supp. 462. Federal Courts ⇨ 7

### § 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions

(a) The construction, acquisition, improvement, equipment, custody, operation and maintenance of any works for the collection, treatment or disposal of sewage and, in addition, for the collection and control of stormwater and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen of this article.

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

(1) "Board" means the sanitary board as set up in section eighteen of this article.

(3) "Municipality" means any municipal corporation, incorporated city, town, village or sanitary district in the state of West Virginia.

(4) "Sewage works" means a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof.

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

(6) "Stormwater management program" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater works, including, but not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, That, as used in this article, "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(7) "Works" means sewage works and stormwater works either separately or collectively.

Acts 1933, Ex. Sess., c. 25, § 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

**Key Numbers**

- Health and Environment ☞3:
- Municipal Corporations ☞711:
- Westlaw Key Number Searches: 199k3; 268k711.

**Encyclopedias**

- C.J.S. Health and Environment §§ 9 to 10.

**Notes of Decisions**

- |  |  |
|--|--|
| <b>Construction and application</b> 1  | 16-13-2, 16-13-16, 24-1-1 et seq., 24-2-1 et seq., |
| <b>Construction of sewer systems</b> 3 | 24-3-1 et seq., Delardas v. Morgantown Water       |
| <b>Public utilities</b> 2              | Commission, 1964, 137 S.E.2d 426, 148 W.Va.        |
|  | 776. Statutes ☞ 223.2(21)                          |

**1. Construction and application**

Statutes dealing with municipally owned and

**2. Public utilities**

into in contemplation of the exercise by the state of its regulatory power whenever the public interest may make it necessary. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Public Utilities ☞ 115

Under statute declaring that words 'public utility' shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a 'public utility' and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. City of

Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ☞ 113

### 3. Construction of sewer systems

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ☞ 864(3)

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ☞ 950(15)

## § 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works

The 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 its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any works, or any trust indenture as provided for, shall be approved by the governing body of the municipality before the same shall be effective.

The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and other employees 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 the work as the board shall direct. All compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article.

No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of ten thousand dollars, 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 or all bids.

may order and complete any extensions, betterments and improvements of and to the works that the board may consider expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers, stormwater conduits, and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof, including, but not limited to, those activities necessary to comply with all federal and state requirements, including stormwater and surface runoff water quality improvement activities.

The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for the expenses. All public ways or public works damaged or destroyed by the 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 proper authority, out of the funds provided by this article.

Acts 1933, Ex. Sess., c. 25, § 3; Acts 1989, c. 133; Acts 2001, c. 143, eff. 90 days after April 11, 2001; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

#### Historical and Statutory Notes

Acts 2001, c. 143, also amended this section to read:

"The 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 its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees 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 this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for

sum of ten thousand dollars, 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 or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the 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 are made available as provided in this article, 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 do all things necessary or expedient for the successful operation thereof. The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the 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 proper authority,

## Library References

## Key Numbers

Health and Environment ⇨6.  
 Municipal Corporations ⇨711.  
 Westlaw Key Number Searches: 199k6;  
 268k711.

## Encyclopedias

C.J.S. Health and Environment § 13.

## Notes of Decisions

Independent contractor 3  
 Police power of local authorities 1  
 Validity of municipal contracts 2

city by statute. Code, 16-13-1 et seq. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Health And Environment ⇨ 3

## 1. Police power of local authorities

Under the police power of the State, the Legislature has the power to provide for the protection of the safety, health, morals and general welfare of the public, and may delegate such powers to municipalities created by it. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Constitutional Law ⇨ 63(2)

Under statute delegating to municipal corporations power by ordinance to create sanitary boards and authorizing such boards to enter into contracts for construction of sewerage systems, ordinance creating sanitary board and authorizing such board to enter into contract for construction of sewerage system was valid exercise of police power of state delegated to

## 2. Validity of municipal contracts

Contract between municipal sanitary board and contractor providing for construction of sanitary sewerage system in furtherance of exercise of police power of state and provisions of city ordinance was valid. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇨ 339(1)

## 3. Independent contractor

Where city had no right of control over contractor and sanitary board in construction of sanitary sewer system, contractor was "independent contractor". West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇨ 400

## § 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, That the fund or funds of

bonds hereinafter provided for; and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided.

Acts 1933, Ex. Sess., c. 25, § 4.

**Library References**

**Key Numbers**

Municipal Corporations Ⓒ864(3).  
Westlaw Key Number Search: 268k864(3).

**Encyclopedias**

C.J.S. Municipal Corporations § 1589.

**Notes of Decisions**

**Construction planning expenses 2**  
**Power to incur indebtedness and expenditures 1**

**1. Power to incur indebtedness and expenditures**

West Virginia municipalities are authorized to incur obligations for purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from proceeds of revenue bonds, not from tax levies. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations Ⓒ 864(3)

**2. Construction planning expenses**

Plan of preparation expense in construction of municipal sewage treatment and disposal system constituted one of first items of expense incurred and constituted a liability, according to agreements between municipality and Federal Works Agency which advanced money to meet such expense, from moment construction began, and, therefore, repayment of such advancements from proceeds of future revenue bond issues could not be held unlawful on ground that such payment would impair bondholders' security. Code W.Va. 16-13-16, 16-13-18, 16-13-22, 16-13-32; War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations Ⓒ 950(15)

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in

preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health And Environment Ⓒ 6

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations Ⓒ 1037

In agreement between West Virginia city and Federal Works Administrator for advances to be used for purpose of plan preparation for construction of proposed sewage treatment and disposal system, parties would be presumed to know extent of city's authority to make a binding contract in such respect, and, therefore, limitation imposed by West Virginia law on city would be read into the agreement. War Mobilization and Reconversion Act of 1944, §§ 101 et seq., 501, 58 Stat. 785, 791; Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. W.Va. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations Ⓒ 250

**§ 16-13-5. Ordinance necessary before acquisition or construction of works**

Before any municipality shall construct or acquire any works under this

works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises.

Acts 1933, Ex. Sess., c. 25, § 5.

#### Library References

##### Key Numbers

Municipal Corporations ⇨ 270...

Westlaw Key Number Search: 268k270.

#### Notes of Decisions

##### Power to incur indebtedness and expenditures

##### 1. Power to incur indebtedness and expenditures

West Virginia municipalities are authorized to incur obligations for purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from proceeds of revenue bonds, not from tax levies. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 864(3)

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed

sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 1037

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 950(15)

#### § 16-13-6. Publication and hearing upon ordinance

After such ordinance shall have been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The notice shall state that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the first date of publication of such abstract and notice which shall not be prior to the last date of publication of such abstract and notice, and present protests. At such hearing all objections shall be taken and such action as

hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto.

Acts 1933, Ex. Sess., c. 25, § 6; Acts 1967, c. 105; Acts 1981, 1st Ex. Sess., c. 2.

#### Library References

#### Key Numbers

Municipal Corporations Ⓒ270.

Westlaw Key Number Search: 268k270.

### § 16-13-7. Acquisition by condemnation or purchase

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four, of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, That the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof.

## Library References

## Key Numbers

Municipal Corporations Ⓒ270.  
Westlaw Key Number Search: 268k270.

## § 16-13-8. Cost of works

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof.

Acts 1933, Ex. Sess., c. 25, § 8.

## Library References

## Key Numbers

Municipal Corporations Ⓒ864(3).  
Westlaw Key Number Search: 268k864(3).

## Encyclopedias

C.J.S. Municipal Corporations § 1589.

## Notes of Decisions

Monetary advances 2  
Preliminary expenditures 1

## 1. Preliminary expenditures

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health And Environment Ⓒ 6

## 2. Monetary advances

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of

but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations Ⓒ 1037

Plan of preparation expense in construction of municipal sewage treatment and disposal system constituted one of first items of expense incurred and constituted a liability, according to agreements between municipality and Federal Works Agency which advanced money to meet such expense, from moment construction began, and, therefore, repayment of such advances from proceeds of future revenue bond issues could not be held unlawful on ground that such payment would impair bondholders' security. Code W.Va. 16-13-16, 16-13-18, 16-13-22, 16-13-32; War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785. U.S. v. City of Charleston, 1957, 149

**§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds**

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of any of the works referred to in this article, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for the payment, and the bonds may not, in any respect, be a corporate indebtedness of the municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of the bonds shall be determined by ordinance or ordinances of the municipality.

Acts 1933, Ex. Sess., c. 25, § 9; Acts 1949, c. 93; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

**Key Numbers**

Municipal Corporations Ⓒ864(3), 911, 950(15).  
Westlaw Key Number Searches: 268k864(3); 268k911; 268k950(15).

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1589, 1649, 1708 to 1709.

**Notes of Decisions**

- Power of municipal corporations to contract 2**
- Power to incur indebtedness and expenditures 3**
- Preliminary expenditures 4**
- Preliminary proceedings and ordinances 5**
- Validity 1**

agreed to under the contracts, where city offered to buy the revenue bonds issued by the town. Code, 16-13-9, 16-13-19, 16-13-23a. City of Morgantown v. Town of Star City, 1973, 195 S.E.2d 166, 156 W.Va. 529. Municipal Corporations Ⓒ 277

**1. Validity**

Statute authorizing municipalities to construct and finance self-liquidating sewer systems held constitutional (Acts 1933 [1st Ex.Sess.] c. 25). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations Ⓒ 266

**2. Power of municipal corporations to contract**

Under provisions of statute relating to contract with other municipalities for service of sewage works, city which ordered construction of sewage disposal plant was authorized to contract with town to provide that town would have the right to use part of the capacity of the plant in return for contributing to its cost and town was authorized to enter into such contracts with city for the use of the plant, and fact that town was unable to sell revenue bonds because it was not allowed to have part owner

**3. Power to incur indebtedness and expenditures**

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations Ⓒ 864(3)

West Virginia municipalities are authorized to incur obligations for purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from proceeds of revenue bonds, not from tax levies. Code W.Va. 11-8-26(1-4); 16-13-15

## MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-10

City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 864(3)

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds: Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇨ 950(15)

Where statute authorizing municipalities to issue bonds for self-liquidating municipal project, provided that bonds should not be corporate indebtedness, bonds held not to create "debts" within constitutional inhibition (Acts 1933 [1st Ex.Sess.] c. 25, §§ 9, 10, 16, 21). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇨ 907

Provisions of statute relating to issuance of municipal bonds constitute integral parts of bonds regardless of whether included therein (Acts 1933 [1st Ex.Sess.] c. 25, §§ 9, 10, 16, 21). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇨ 923

Statute permitting municipalities to issue bonds for self-liquidating municipal projects held legitimate delegation of legislative power.

Acts 1933, 1st Ex.Sess., c. 25. Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Constitutional Law ⇨ 63(2)

### 4. Preliminary expenditures

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health And Environment ⇨ 6

### 5. Preliminary proceedings and ordinances

Provision of sewer ordinance declaring that statutory mortgage lien should exist in favor of bondholders violated statute permitting municipalities to construct self-liquidating sewer systems, but declaration could be regarded as surplusage and did not affect validity of remainder of ordinance (Acts 1933 [1st Ex.Sess.] c. 25). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇨ 303(4)

## § 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be

be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers, before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen percent per annum to the purchaser upon the amount paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus of bond proceeds over and above the cost of the works shall be paid into the sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds upon the issuance of the latter.

Acts 1933, Ex. Sess., c. 25, § 10; Acts 1970, c. 11; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2.

**Library References**

**Key Numbers**

Municipal Corporations 911, 950(15).  
Westlaw Key Number Searches: 268k911;  
268k950(15).

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1649, 1708  
to 1709.

**§ 16-13-11. Additional bonds to extend or improve works**

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other definite bonds upon the issuance of the latter.

Acts 1933, Ex. Sess., c. 25, § 11.

**Library References**

**Key Numbers**

Municipal Corporations 911, 950(15)

**Encyclopedias**

**16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds**

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or altering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise.

Acts 1933, Ex. Sess., c. 25, § 12.

**Library References**

**Key Numbers**

Municipal Corporations ¶911, 950(15).  
Westlaw Key Number Searches: 268k911;  
268k950(15).

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1649, 1708  
to 1709.

**16-13-13. Application of revenue from bonds; lien**

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced or preliminary expenses as provided in section four of this article, shall be applied solely to the payment of the cost of the work, extensions, improvements or betterments, or to the appurtenant sinking fund and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustees hereinafter provided for.

Acts 1933, Ex. Sess., c. 25, § 13.

**Library References**

**Key Numbers**

Municipal Corporations ¶911, 950(15).  
Westlaw Key Number Searches: 268k911;  
268k950(15).

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1649, 1708  
to 1709.

**Notes of Decisions**

**Preliminary expenditures 1**  
**Repayment of loans 2**

**1. Preliminary expenditures**

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal

of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health And Environment ¶6

**2. Repayment of loans**

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 16-13-16, 16-13-18, 16-13-32.

Note 2

City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ☞ 950(15)

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would

not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ☞ 1037

§ 16-13-14. Securing bonds by trust indenture

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine.

Acts 1933, Ex. Sess., c. 25, § 14.

Library References

Key Numbers

Municipal Corporations ☞ 911, 950(15).  
Westlaw Key Number Searches: 268k911;  
268k950(15).

Encyclopedias

C.J.S. Municipal Corporations §§ 1649, 1708  
to 1709.

§ 16-13-15. Sinking fund; transfer of balance of net revenues

At or before the issuance of any such bonds the governing body shall by said

## MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-15

interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds; for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto.

Acts 1933, Ex. Sess., c. 25, § 15; Acts 1933, 2nd Ex. Sess., c. 48; Acts 1986, c. 118.

### Library References

#### Key Numbers

Municipal Corporations 951.  
Westlaw Key Number Search: 268k951

#### Encyclopedias

C.J.S. Municipal Corporations §§ 1704 to 1705.

**§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services**

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates, fees or charges for the use of and the service rendered by:

(a) Sewerage works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works; and

(b) Stormwater works, to be paid by the owner of each and every lot, parcel of real estate, or building that in any way uses or is served by such stormwater works or whose property is improved or protected by the stormwater works or any user of such stormwater works.

The governing body may change and readjust such rates, fees or charges from time to time. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Such rates, fees or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the sums herein required to be paid into the sinking fund. Revenues collected pursuant to this section shall be considered the revenues of the works.

No such rates, fees or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates, fees or charges.

After introduction of the ordinance fixing such rates, fees or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates, fees or charges, shall be given by publication as a Class II-O legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing.

After such hearing, which may be adjourned from time to time, the ordinance establishing rates, fees or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates, fees and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties

**MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-16**

Note 1

erved which fall within the same class, without the necessity of any hearing or notice.

Any change or readjustment of such rates, fees or charges may be made in the same manner as such rates, fees or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates, fees or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking and payments.

All rates, fees or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate, fees or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: provided, That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof.

Whenever any rates, rentals, fees or charges for services or facilities furnished shall remain unpaid for a period of thirty 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 rates, fees and charges are fully paid.

The board collecting such rates, fees or charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities, to any delinquent user of either until all delinquent rates, fees or charges for both water facilities, and sewer facilities, including reasonable interest and penalty charges, have been paid in full.

Acts 1933, Ex. Sess., c. 25, § 16; Acts 1933, 2nd Ex. Sess., c. 48; Acts 1959, c. 125; Acts 1967, c. 105; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

**Key Numbers**

Municipal Corporations 712(7)-712(8).  
Westlaw Key Number Searches: 268k712(7)  
to 268k712(8).

**Encyclopedias**

C.J.S. Municipal Corporations § 1538.

**Notes of Decisions**

Construction and application 1  
Public utilities 3  
Rates and charges for service 2

Water service termination 4

1. Construction and application

## § 16-13-16

## PUBLIC HEALTH

### Note 1

16-13-2, 16-13-16, 24-1-1 et seq., 24-2-1 et seq., 24-3-1 et seq. *Delardas v. Morgantown Water Commission*, 1964, 137 S.E.2d 426, 148 W.Va. 776. Statutes ⇌ 223.2(21)

### 2. Rates and charges for service

If rates and charges set forth in ordinance and established by public service commission by its order should be considered improper for any valid reason, they may be challenged by any user of sewer services by complaint in proper proceeding before public service commission. Code, 8-4-20, 16-13-1, 16-13-2, 16-13-16, 24-1-1 et seq. *Delardas v. Morgantown Water Commission*, 1964, 137 S.E.2d 426, 148 W.Va. 776. Municipal Corporations ⇌ 712(8)

Where charges for use of sewer by sanitary board of city of Beckley were assessed to property owners according to quantity of water supplied subject to deduction of amount of water retained on premises to be determined by a meter installed by consumers and allowing deduction of costs thereof from amounts due on bills, such charges were not discriminatory, notwithstanding some users were financially unable to install meters. Code 16-13-30. *Houchins v. City of Beckley*, 1944, 32 S.E.2d 286, 127 W.Va. 306. Municipal Corporations ⇌ 712(7)

Party aggrieved by rates established for use of sewer could not resort to courts for relief, where he failed to exercise statutory remedy of appearing before governing body of municipality at public hearing (Acts 1933 [1st Ex.Sess.] c. 25). *Brewer v. City of Point Pleasant*, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇌ 712(8)

### 3. Public utilities

Under statute declaring that words 'public utility' shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a 'public utility' and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain

sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. *City of Wheeling v. Renick*, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ⇌ 113

### 4. Water service termination

Any impairment of sewer revenue bonds issued by cities providing for imposition of liens against property for unpaid sewer charges, by statutory amendment precluding cities from attaching lien to landlord's property for tenant's failure to pay sewer charges, was not "substantial impairment" and, thus, amendment did not violate constitutional prohibition against impairment of contracts, where bond contracts acknowledged that parties' rights were subject to legislative regulation, contracts were merely modified, abridged right was not central to parties' undertaking, and prior legislation provided utilities with far more effective remedy of water service termination for unpaid sewer charges. U.S.C.A. Const. Art. 1, § 10, cl. 1; W.Va.Code, §§ 8-18-23, 16-13-16. *City of Charleston v. Public Service Com'n of West Virginia*, 1995, 57 F.3d 385, certiorari denied 116 S.Ct. 474, 516 U.S. 974, 133 L.Ed.2d 404. Constitutional Law ⇌ 121(2)

### 5. Summary judgment

Allegation, in city's notice of motion for judgment, that claim was for services of city sewage system and penalty for nonpayment to sanitary board for a specified period of time and that defendant was owner of property served and a specified sum was due by reason of a specified ordinance, when read in connection with verified itemized statement accompanying notice, was insufficient to state a claim based upon contract in absence of showing of relationship of sanitary board to sewage system, method of service and right of sanitary board to charge for service, and demurrer to notice was properly sustained. Code 1937, 16-13-15 et seq. *City of Beckley v. Craighead*, 1943, 24 S.E.2d 908, 125 W.Va. 484. Judgment ⇌ 184

## § 16-13-17. Government units subject to established rates

The municipality and any county government, state government and federal government served by the services of the works shall be subject to the same fees, charges and rates established as provided in this article, or to fees, charges and rates established in harmony therewith, for service rendered the municipal-

## MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-18

part of the revenues of the works as herein defined, and be applied as herein provided for the application of the revenues. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 1933, Ex. Sess., c. 25, § 17; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

### Library References

#### Key Numbers

Municipal Corporations § 712(7)-712(8).  
Westlaw Key Number Searches: 268k712(7)  
to 268k712(8).

#### Encyclopedias

C.J.S. Municipal Corporations § 1538.

### Notes of Decisions

#### general 1

#### In general

Under contract between municipal sanitary board and contractor requiring contractor to bear cost and expense of damage to surface, overhead or subsurface structures in construc-

tion of sanitary sewer system, contractor was liable to water company for expense of removal of all water and other pipes under streets which interfered with construction of sewer system. Code, 16-13-1 et seq., 16-13-17, 16-13-24. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations § 400

### **16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members**

The governing body shall provide by ordinance the organization of the board, and that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided.

Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body; provided, That, in the event of an acquisition or merger of an existing works, the governing body may increase the membership to a maximum of four members in addition to the mayor or city manager of the municipality served by the board.

During the construction period, one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his or her public office. The appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as

sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board.

The members of the sanitary board shall receive compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government.

Acts 1933, Ex. Sess., c. 25, § 18; Acts 1939, c. 96; Acts 1953, c. 146; Acts 1957, c. 137; Acts 1992, c. 95; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

**Key Numbers**

Health and Environment ⇨3, 5 to 6.  
 Municipal Corporations ⇨711.  
 Westlaw Key Number Searches: 199k3;  
 199k5 to 199k6; 268k711.

**Encyclopedias**

C.J.S. Health and Environment §§ 9 to 10, 12 to 13.

**Notes of Decisions**

**Powers and duties of sanitary boards** 1  
**Public utilities** 2

1933, 1st Ex.Sess., c. 25, as amended by Acts 1933, 2d Ex.Sess., c. 48. *Bernard v. City of Bluefield*, 1936, 186 S.E. 298, 117 W.Va. 556. Municipal Corporations ⇨ 277

**1. Powers and duties of sanitary boards**

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. *U.S. v. City of Charleston*, 1957, 149 F.Supp. 866. Health And Environment ⇨ 6

City which created sanitary board for purpose of erecting sewage disposal plant held authorized to incorporate such sanitary board as a nonstock corporation for purpose of being domesticated in Virginia as a sewage purification company under Virginia law, where no other way was pointed out by which city or sanitary board could under law of Virginia acquire prop-

**2. Public utilities**

Under statute declaring that words 'public utility' shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a 'public utility' and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23,

**16-13-18a. Publication of financial statement**

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this Code, and the publication 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 received, 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 during 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: Provided, That such statement for the fiscal year ending June thirtieth, one thousand nine hundred and sixty-six, may be published any time during the year one thousand nine hundred and sixty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace, of the county where the offense was committed, shall have concurrent jurisdiction to try such offense.

Acts 1957, c. 138; Acts 1967, c. 105.

*Acts 1976, c. 33, provided that all references to "justice of the peace" in the code of West Virginia mean "magistrate." See § 50-1-17.*

**Library References**

**Numbers**

Health and Environment ☞6.  
Municipal Corporations ☞711.  
Westlaw Key Number Searches: 199k6;  
268k711.

**Encyclopedias**

C.J.S. Health and Environment § 13.

**16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers**

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants or stormwater works as defined in this article, or which herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the state (in this section called the lessee), and such lessees are hereby authorized to enter

impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, That no contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture.

The lessee shall by ordinance have power to establish, change and adjust rates, fees and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates, fees and charges for the service rendered in the municipality where the works are owned and operated, and such rates, fees or charges shall be collectible and shall be a lien as herein provided for rates, fees and charges made by the owner.

The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any contract shall, if so provided in said ordinance or trust indenture, be considered to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of the revenues.

Acts 1933, Ex. Sess., c. 25, § 19; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

**Library References**

**Key Numbers**

Municipal Corporations ⇨277.  
Westlaw Key Number Search: 268k277.

**Notes of Decisions**

**In general 1**

**1. In general**

Under provisions of statute relating to contract with other municipalities for service of sewage works, city which ordered construction of sewage disposal plant was authorized to contract with town to provide that town would have the right to use part of the capacity of the plant in return for contributing to its cost and town was authorized to enter into such con-

tracts with city for the use of the plant, and fact that town was unable to sell revenue bonds because it was not allowed to have part ownership in the plant or in the interceptor sewers did not mean that town was not liable for payments agreed to under the contracts, where city offered to buy the revenue bonds issued by the town. Code, 16-13-9, 16-13-19, 16-13-23a. City of Morgantown v. Town of Star City, 1973, 195 S.E.2d 166, 156 W.Va. 529. Municipal Corporations ⇨ 277

**§ 16-13-20. Discharge of lien on property acquired**

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**CIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-22**

f money be deposited in trust to pay and redeem such lien or encum-  
: in full.

1933, Ex. Sess., c. 25, § 20.

**-13-21. Action on certificates or attached coupons; receivers**

holder of any such certificates or any of the coupons attached thereto,  
the trustee, if any, except to the extent the rights herein given may be  
vested by said ordinance authorizing issuance of the bonds or by the trust  
instrument, may either at law or in equity, by suit, action, mandamus or other  
proceeding protect and enforce any and all rights granted hereunder or under  
said ordinance or trust indenture, and may enforce and compel performance of  
duties required by this article or by such ordinance or trust indenture to be  
performed by the municipality issuing the bonds or by the board or any officer,  
including the making and collecting of reasonable and sufficient charges and  
fees for service rendered by the works. If there be any failure to pay the  
principal or interest of any of the bonds on the date therein named for such  
payment, any court having jurisdiction of the action may appoint a receiver to  
manage the works on behalf of the municipality and the bondholders and/or  
trustees, except as so restricted, with power to charge and collect rates sufficient  
to provide for the payment of the expenses of operation, repair and mainte-  
nance; and also to pay any bonds and interest outstanding and to apply the  
proceeds in conformity with this article and the said ordinance and/or trust  
instrument.

1933, Ex. Sess., c. 25, § 21.

**Library References**

**Numbers**

Municipal Corporations §§ 937, 955.  
Law Key Number Searches: 268k937;  
268k955.

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1707, 1711.

**16-13-22. Powers conferred in addition to existing powers; jurisdiction  
outside corporate limits**

The authority herein given shall be in addition to and not in derogation of  
power existing in any municipality under any statutory or charter provi-  
sion which it may now have or hereafter adopt. For all purposes of this article,  
municipal corporations shall have jurisdiction for twenty miles outside the  
corporate limits thereof: Provided, That for stormwater systems, within the  
twenty miles beyond the municipality's corporate limits the only areas the  
municipality may serve and supply shall be those areas from which stormwater  
flows or drains into the municipality.

The jurisdiction and authority provided by this section does not extend to  
ways, road and drainage easements, and/or stormwater facilities construct-

by the West Virginia Division of Highways.

Library References

Key Numbers

Municipal Corporations ☞711.  
Westlaw Key Number Search: 268k711.

§ 16-13-22a. Grants, loans and advances

Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said sewage works or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section.

Acts 1949, c. 93; Acts 1961, c. 107; Acts 1980, c. 59; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118.

Library References

Key Numbers

Municipal Corporations ☞864(3).  
Westlaw Key Number Search: 268k864(3).

Encyclopedias

C.J.S. Municipal Corporations § 1589.

Notes of Decisions

Power to incur indebtedness and expenditures

1

Repayment of loans and advances 2

1. Power to incur indebtedness and expenditures

ties to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality.

## MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-22c

U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ¶ 864(3)

### Repayment of loans and advances

United States, which was entitled to reimbursement for advances made to West Virginia by Federal Works Agency for purpose of preparation for construction of proposed sewage treatment and disposal system, would be entitled to general judgment against city would be entitled to an order requiring payment from existing or future revenue bonds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ¶ 1037. If sewer project is undertaken by municipality whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in

cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ¶ 950(15)

Under agreement between West Virginia city and Federal Works Administrator, in accordance with the War Mobilization and Reconversion Act of 1944, West Virginia city incurred obligation to repay advances made for purpose of plan preparation for construction of proposed sewage treatment and disposal system if and when construction of the sewage treatment plant should be started and would not be obligated to repay the advances if the construction were not undertaken. War Mobilization and Reconversion Act of 1944, §§ 101 et seq., 501, 58 Stat. 785, 791. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. United States ¶ 82(1)

### 16-13-22b. Contracts for abatement of pollution

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment.

Acts 1949, c. 93.

### Library References

#### Key Numbers

Municipal Corporations ¶ 328.  
Westlaw Key Number Search: 268k328.

#### Encyclopedias

C.J.S. Municipal Corporations §§ 1027 to 1029.

### 16-13-22c. Refunding bonds

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable to the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of

**Library References**

**Key Numbers**

Municipal Corporations Ⓒ913.  
Westlaw Key Number Search: 268k913.

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1651, 1653.

**§ 16-13-22d. Subordination of bonds**

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance.

Acts 1949, c. 93.

**Library References**

**Key Numbers**

Municipal Corporations Ⓒ950(15).  
Westlaw Key Number Search: 268k950(15).

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1708 to 1709.

**§ 16-13-22e. Operating contract**

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution authorizing the issuance of bonds hereunder, or in any trust indenture, securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, are outstanding and unpaid.

Acts 1955, c. 132.

**Library References**

**Key Numbers**

Municipal Corporations Ⓒ328.  
Westlaw Key Number Search: 268k328.

**Encyclopedias**

C.J.S. Municipal Corporations §§ 1027 to 1029.

**§ 16-13-22f. Exemption of bonds from taxation**

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with the works, and all the moneys, revenues and other income of such municipality derived from such works shall be exempt from all taxation by the state of West Virginia or any

# MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-22g

## Library References

### Numbers

Municipal Corporations §950(15).  
Municipal Corporation §218.

Statute Key Number Searches:  
68k950(15); 371k218.

### Encyclopedias

C.J.S. Municipal Corporations §§ 1708 to  
1709.

C.J.S. Taxation § 260.

## 6-13-22g. Covenants with bondholders

Any resolution authorizing the issuance of bonds hereunder, or any trust agreement with any bank or trust company within or without the state, for the maturity of the bonds, may contain covenants with the holders of such bonds as

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

) The pledging of all or any part of the revenues derived from the ownership, operation or control of such sewerage systems or stormwater system, including any part thereof heretofore or hereafter constructed or acquired or derived from any other sources, to the payment of the principal of interest thereon of bonds issued hereunder and for such reserve or other funds as may be considered necessary or desirable;

) The fixing, establishing and collecting of such fees, rentals or other charges for the use of the services and facilities of such sewerage system or stormwater system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system or stormwater system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage system or stormwater system, and reserve and other funds required by the terms of the ordinance authorizing issuance of such bonds;

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

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

f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening

and terms upon which defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

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

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

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

(j) Such other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to the municipalities the power to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the constitution of the state of West Virginia.

Acts 1955, c. 132; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

#### Library References

#### Key Numbers

Municipal Corporations ☞922.

Westlaw Key Number Search: 268k922.

### § 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of bonds.

## MUNICIPAL & SANITARY DISTRICT SEWAGE WORKS § 16-13-23a

standing: Provided, however, That all functions, powers and duties of the state department of health shall remain unaffected by this article.

Acts 1933, Ex. Sess., c. 25, § 23.

### Library References

#### Key Numbers

Municipal Corporations Ⓒ270, 711, 911.  
Westlaw Key Number Searches: 268k270;  
268k711; 268k911.

#### Encyclopedias

C.J.S. Municipal Corporations § 1649.

### Notes of Decisions

#### Public utilities 1

##### 1. Public utilities

Under statute declaring that words 'public utility' shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a 'public utility' and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer ser-

vices, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities Ⓒ 113

### § 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the director of the division of environmental protection or the environmental quality board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates, fees or charges for the use of the services and facilities of the existing sewer system and/or stormwater system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system or stormwater system, or that in any way uses or is served thereby, and may change and readjust such rates, fees or charges from time to time.

Such rates, fees or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage or stormwater, and the repair, alteration and extension of existing sewer facilities or stormwater facilities, as may be necessary to comply with such order of the director of the division of environmental

The governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of the construction, to be remitted to and administered by the municipal bond commission by expending and paying the costs and expenses of construction and operation in the manner as provided by said ordinance.

After the completion of the construction such rates, fees or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement and extension from time to time, of the entire sewer and works or entire stormwater works.

No such rates, fees or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others shall have had an opportunity to be heard concerning the proposed rates or charges.

After introduction of the ordinance fixing rates, fees or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of rates, fees or charges, shall be given by publication of notice as a Class II-O legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication is the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing.

After such hearing, which may be adjourned from time to time, the ordinance establishing the rates, fees or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of the rates, fees and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates, fees or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice.

Any change or readjustment of rates, fees or charges may be made in the same manner as rates, fees or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice is required.

If any rate, fees or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality.

Any municipal corporation exercising the powers given herein has authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with the order of the director of the division of environmental protection or the environmental quality board, and the authority provided herein to establish, maintain and collect rates, fees or

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Note 1

article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: Provided, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, however, That the jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 1955, c. 135; Acts 1967, c. 105; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

## Library References

### Key Numbers

Municipal Corporations ¶712(7)-712(8).  
Westlaw Key Number Searches: 268k712(7)  
to 268k712(8).

### Encyclopedias

C.J.S. Municipal Corporations § 1538.

## Notes of Decisions

### In general 1

#### 1. In general

Under provisions of statute relating to contract with other municipalities for service of sewage works, city which ordered construction of sewage disposal plant was authorized to contract with town to provide that town would have the right to use part of the capacity of the plant in return for contributing to its cost and town was authorized to enter into such con-

tracts with city for the use of the plant, and fact that town was unable to sell revenue bonds because it was not allowed to have part ownership in the plant or in the interceptor sewers did not mean that town was not liable for payments agreed to under the contracts, where city offered to buy the revenue bonds issued by the town. Code, 16-13-9, 16-13-19, 16-13-23a. City of Morgantown v. Town of Star City, 1973, 195 S.E.2d 166, 156 W.Va. 529. Municipal Corporations ¶277.

## § 16-13-24. Article to be construed liberally

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof.

Acts 1933, Ex. Sess., c. 25, § 24.

## Notes of Decisions

### In general 1

#### 1. In general

Under contract between municipal sanitary board and contractor requiring contractor to

tion of sanitary sewer system, contractor was liable to water company for expense of removal of all water and other pipes under streets which interfered with construction of sewer system. Code, 16-13-1 et seq., 16-13-17, 16-13-24. West Virginia Water Service Co. v. Cunning-

## ARTICLE 2

### WATER POLLUTION CONTROL REVOLVING FUND ACT

#### Section

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

#### United States Code Annotated

Water Pollution Prevention and Control, effluent limitations, see 33 U.S.C.A. § 1311 et seq.  
Water Pollution Prevention and Control, generally, see 33 U.S.C.A. § 1251 et seq.  
Water Pollution, Waste Treatment Management, grants, see 33 U.S.C.A. § 1281 et seq.

#### § 22C-2-1. Definitions

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

(a) "Authority" means the water development authority provided for in section four, article one of this chapter.

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

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

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

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

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

(5) The reasonable costs of financing incurred by the local entity in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service.

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

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

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

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

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

- (1) Sewage and wastewater collection, treatment and disposal facilities;
- (2) Public water transportation, treatment and distribution facilities;
- (3) Drainage facilities and projects;
- (4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;
- (5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and
- (6) Other projects allowable under federal law.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

#### Library References

##### Key Numbers

Health and Environment ☞25.5(9).  
Westlaw Key Number Search: 199k25.5(9).

##### Encyclopedias

C.J.S. Health and Environment §§ 65 to 66,  
103, 107, 140.

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

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

## Library References

## Key Numbers

Health and Environment § 25.5(9).  
Westlaw Key Number Search: 199k25.5(9).

## Encyclopedias

C.J.S. Health and Environment §§ 65 to 66,  
103, 107, 140.

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

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

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate legislative rules in accordance with the provisions of article three, chapter twenty-nine-a of this code, to:

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

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

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

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

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them

If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

**Administrative Code References**

Program rules, see W. Va. Code St. R. § 47-31-1 et seq.

**Library References****Key Numbers**

Health and Environment ⇨25.7(21).  
Westlaw Key Number Search: 199k25.7(21).

**Encyclopedias**

C.J.S. Health and Environment §§ 106, 125,  
131.

**§ 22C-2-4. Annual audit**

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

Acts 1994, c. 61.

**Library References****Key Numbers**

Health and Environment ⇨25.7(21).  
Westlaw Key Number Search: 199k25.7(21).

**Encyclopedias**

C.J.S. Health and Environment §§ 106, 125,  
131.

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

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

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

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

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

- (1) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;
- (2) The enforcement and collection of service charges; and
- (3) The enforcement by the local entity of all rights and remedies conferred by statute, rule, regulation or judicial decision.

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

**Library References**

**Key Numbers**

Health and Environment §25.7(21).  
Westlaw Key Number Search: 199k25.7(21).

**Encyclopedias**

C.J.S. Health and Environment §§ 106, 125, 131.

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

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

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

Acts 1994, c. 61.

**Administrative Code References**

Construction grants program rules, see W. Va. Code St. R. § 47-33-1 et seq.

**Library References**

Key Numbers

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

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

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

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

**Library References****Key Numbers**

Health and Environment ⇨25.7(21).  
Westlaw Key Number Search: 199k25.7(21).

**Encyclopedias**

C.J.S. Health and Environment §§ 106, 125,  
131.

**§ 22C-2-8. Conflicting provisions**

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

Acts 1994, c. 61.

**Library References****Key Numbers**

Health and Environment ⇨25.7(21).  
Westlaw Key Number Search: 199k25.7(21).

**Encyclopedias**

C.J.S. Health and Environment §§ 106, 125,  
131.