CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

Closing Date: April 14, 2011

TRANSCRIPT OF PROCEEDINGS

III. Certificates, Receipts and Other Documents

IV. Opinions

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date 4/13/2011 Time 3 p.m. LGA Town of White Sulphur Springs Program DWTRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol A. Cummings	WDA	304-414-6500	304-558-0299	Cummings@wvwda.org
MARK KAUFFELT	WDA / Kauffelt & Kauffelt	304-345-1272	304-345-1280	MKAUFFELT@WVdsl.net
Ryan White	Jackson Kelly PLLC	304 340-1283	304 340-1272	srwhite@jacksonkelly.com
Sammie Lee	Jackson Kelly PLLC	304 340 1318	304 340 1272	sglee@jacksonkelly.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Linda Coleman-Barker Telephone 304 536-1454 E-Mail wss34@suddenlink.com

Address 34 West Main Street, White Sulphur Springs WV 24986

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13C OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
April 12, 2011

Natalie E. Tennant
Secretary of State

ARTICLE 13C

DRINKING WATER TREATMENT REVOLVING FUND ACT

Section

§ 16–13C–1. Definitions

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

(1) "Authority" means the water development authority provided for in section four, article one, chapter twenty-two-c of this code.

(2) "Capacity development" means the technical, managerial and financial capability of a public water system.

(3) "Cost" means the cost of all labor, materials, machinery, equipment, lands, property, rights and easements, plans and specifications and all other expenses necessary or incident to the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of a project.

(4) "Disadvantaged community" means the service area of a public water system that meets affordability criteria established after public review and comment by the state.

(5) "Federal safe drinking water act" means the federal statute commonly known as the "Safe Drinking Water Act", 42 U.S.C. 300f et seq., as enacted, amended, and as may be subsequently amended.

(6) "Fund" means the West Virginia drinking water treatment revolving fund created in this article.

(7) "Instrumentality" means the division of health which has the primary responsibility for administering the fund and this article pursuant to requirements of the federal safe drinking water act.

(8) "Local entity" means any municipality, public utility, or person, including any individual, firm, partnership, association, not-for-profit corporation or other corporation organized and existing under the laws of the state which may construct and operate an eligible project.

(9) "Public water system" means that term as defined in section nine-a, article one, chapter sixteen of the code.

(10) "Project" means a project for improving a drinking water system for the purpose of achieving or maintaining compliance with applicable state and federal drinking water regulations.

(11) "Set-aside accounts" means those accounts that shall be set up for activities required by the federal Safe Drinking Water Act and the moneys for these accounts may be taken from the federal capitalization grant for these nonproject activities before the capitalization grant is deposited into the fund.

(12) "Small system" means a public water system serving ten thousand or fewer persons.

Acts 1997, c. 225, eff. April 11, 1997; Acts 1998, c. 170, eff. 90 days after March 12, 1998.

Administrative Code References

Drinking water treatment revolving fund rules, see W. Va. Code St. R. § 64–49–1 et seq.

United States Code Annotated

Safety of public water systems, public health service, see 42 U.S.C.A. § 300g et seq.

§ 16–13C–2. Designation of division of health as state instrumentality; rules; small systems; disadvantaged communities

(a) The division of health shall act as the instrumentality that is hereby empowered to enter into capitalization agreements with the United States Environmental Protection Agency, to accept capitalization grant awards made under the federal safe drinking water act, and to direct the administration and management of the drinking water treatment revolving fund created in this article in accordance with the requirements of federal law.

(b) The division of health shall propose rules for legislative approval in accordance with provisions of article three, chapter twenty-nine-a of the code for the purpose of effecting the administration of the provisions of this article. The rules shall include, but are not limited to, establishing requirements for: (1) Capacity development; (2) environmental review; (3) disadvantaged community designation; (4) receipt and disbursement of fund moneys; and (5) establishment of a drinking water treatment revolving fund program to direct the financial management of the fund to water systems and establish the interest rates and repayment terms of the loans.

(c) Two percent of the annual federal capitalization grants made to this state shall be utilized to provide technical assistance services for small systems to assist those systems in maintaining compliance with the federal safe drinking water act. The division of health shall enter into contracts to provide technical assistance services for small systems with such nonprofit organizations that: (1) Have a membership that represent at least twenty-five percent of the small systems of this state; and (2) have at least five years experience in providing on-site technical assistance to small systems.

(d) The division of health shall, in accordance with the provisions of the federal safe drinking water act, establish a program for loan subsidies to disadvantaged communities. Thirty percent of the annual federal capitalization grants made to this state shall be dedicated to the funding of projects for disadvantaged communities.

Acts 1997, c. 225, eff. April 11, 1997.

Library References

States ⚷127.
Waters and Water Courses ⚷196.
Westlaw Topic Nos. 360, 405.

C.J.S. States §§ 386 to 387.
C.J.S. Waters §§ 483, 495 to 497, 588.

§ 16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts

(a) There is continued in the office of the state treasurer a permanent and perpetual special fund to be known as the "West Virginia drinking water treatment revolving fund". The fund shall be administered and managed in accordance with the provisions of the federal Safe Drinking Water Act. The division of health may draw all or a portion of those moneys available under capitalization agreements and with the capitalization grant awards from the United States environmental protection agency under the federal Safe Drinking Water Act and to deposit such moneys into the fund and the set-aside accounts.

(b) The fund, less the set-aside account moneys, shall be administered and managed by the water development authority under the direction of the division of health. 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 purpose of establishing and maintaining a drinking water treatment revolving fund and set-aside accounts, all receipts from loans made from the fund, 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 or provide other allowable financial assistance to eligible projects for public water systems, as described in the federal Safe Drinking Water Act.

(c) In order to carry out the administration and management of the fund, the authority and the division of health are authorized to employ officers, employees, agents, advisors and consultants, including attorneys, financial advisors, engineers, other technical advisors 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 propose legislative rules for promulgation 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) Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code.

(f) Pursuant to the provisions of the federal Safe Drinking Water Act, set-aside accounts shall be set up in accounts separate from the drinking water treatment revolving fund. These set-aside accounts shall include, but not be limited to, administration costs, source water protection, operator training and

certification, technical assistance to systems, local assistance, and other state activities permitted by the federal Safe Drinking Water Act. The division of health shall establish and administer the set-aside accounts as permitted by the federal Safe Drinking Water Act. An application fee may be charged and deposited into the administrative account to defray the cost of administering the program.

Acts 1997, c. 225, eff. April 11, 1997; Acts 1998, c. 170, eff. 90 days after March 12, 1998.

Library References

States ⟹127. C.J.S. States §§ 386 to 387.
Waters and Water Courses ⟹196. C.J.S. Waters §§ 483, 495 to 497, 588.
Westlaw Topic Nos. 360, 405.

§ 16-13C-4. Management of funds

The authority shall manage the funds received pursuant to the provisions of this article for accounting purposes. The authority shall cause an audit of its books and accounts to be made at least once each fiscal year and the cost thereof may be defrayed as administrative expense under provisions of this article. The audit shall be conducted by a certified public accountant and provide an auditor's opinion on the fund financial statements, a report on the internal controls and a report prepared in compliance with the provisions of the drinking water treatment revolving fund.

Acts 1997, c. 225, eff. April 11, 1997.

Library References

States ⟹127. C.J.S. States §§ 386 to 387.
Waters and Water Courses ⟹196. C.J.S. Waters §§ 483, 495 to 497, 588.
Westlaw Topic Nos. 360, 405.

§ 16-13C-5. Remedies to enforce payment

(a) In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement made 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:

(1) 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.

(2) 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.

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

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

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

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

(b) The rights and remedies enumerated in this article are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement.

Acts 1997, c. 225, eff. April 11, 1997.

Library References

States ⟹127.
Waters and Water Courses ⟹196.
Westlaw Topic Nos. 360, 405.
C.J.S. States §§ 386 to 387.
C.J.S. Waters §§ 483, 495 to 497, 588.

§ 16-13C-6. Construction of article

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effected. 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 1997, c. 225, eff. April 11, 1997.

Library References

Statutes ⟹235.
Westlaw Topic No. 361.
C.J.S. Statutes § 376.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 19 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 19 OF THE 2010 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
April 12, 2011

Natalie E. Tennant

Secretary of State

ARTICLE 19

MUNICIPAL AND COUNTY WATERWORKS AND ELECTRIC POWER SYSTEMS

PART I—MUNICIPAL WATERWORKS AND ELECTRIC POWER SYSTEMS AUTHORIZED; DEFINITION

§ 8-19-1. Acquisition and operation of municipal and county waterworks and electric power systems; construction of improvements to municipal and county electric power systems; extension beyond corporate limits; definitions

(a) Subject to and in accordance with the provisions of this article, any municipality or county commission may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system or an electric power system or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any provision or limitation to the contrary in any other law or charter: Provided, That such municipality or county commission shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality or county commission without the consent of the governing body of such other municipality or county commission.

(b) Any municipality or county commission which intends to file an application with the federal energy regulatory commission for a license to acquire, construct, establish, extend, maintain and operate, or lease to others for operation, an electric power system, shall give written notice by certified mail, return receipt requested, and shall give public notice by Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code and the publication area shall be the municipality or county in which the system is to be located to the governing body of the municipality or the county commission in which such system is or shall be located or, if such system is or shall be located outside of a municipality or county, to the county commission of the county in which such system is or shall be located, at least sixty days prior to the filing of such application: Provided, That the provisions of this subsection shall not apply to any municipality or county commission which, on the date of the passage of this act, has obtained a license from the federal energy regulatory commission to acquire, construct, establish, extend, maintain and operate, or lease to others for operation, an electric power system. If the municipality or county commission receiving such notice does not respond to the notice within sixty days of receipt of such notice, then such other municipality or the county commission shall be deemed to have consented to the application for the proposed electric power system. If such other municipality or the county commission notifies the municipality or county commission that it objects to the proposed electric power system, such other municipality or the county commission shall hold a public hearing on the proposed system within sixty days of receipt of such notice from the municipality or county commission.

(c) As used in this article:

(1) "Waterworks system" means a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes,

storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system.

(2) "Electric power system" means a system or facility which produces electric power in its entirety or provides for the distribution of electric power for local consumption and use or for distribution and resale or any combination thereof, or any integral part thereof, including, but not limited to, power lines and wires, power poles, guy wires, insulators, transformers, generators, cables, power line towers, voltage regulators, meters, power substations, machinery and all other facilities necessary, appropriate, useful or convenient or incidental in connection with or to an electric power supply system.

Acts 1933, Ex. Sess., c. 26, § 1; Acts 1937, c. 52; Acts 1939, c. 97; Acts 1949, c. 90; Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1983, c. 151; Acts 1986, c. 118; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Cross References

Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8-12-3.
General powers of every municipality and its governing body, see § 8-12-5.

Library References

Key Numbers
Electricity ⚷1.5.
Waters and Water Courses ⚷183.
Westlaw Key Number Searches: 145k1.5; 405k183.

Encyclopedias
C.J.S. Electricity § 6.
C.J.S. Waters §§ 228, 235.

PART II—LIMITATIONS ON SALE OR LEASE OF CERTAIN MUNICIPAL WATERWORKS

§ 8-19-2. Repealed by Acts 1974, c. 78

PART III—RIGHT OF EMINENT DOMAIN

§ 8-19-3. Right of eminent domain; limitations

For the purpose of acquiring, constructing, establishing or extending any waterworks system or electric power system, or for the purpose of constructing any additions, betterments or improvements to any waterworks or electric power system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or electric power system, under the provisions of this article, the municipality or county commission shall have the right of eminent domain as provided in chapter fifty-four of this code: Provided, That such right of eminent domain for the acquisition of a privately owned waterworks system, or electric power system, or any part thereof, shall not be exercised without prior approval of the public service commission, and in no event shall any municipality or county commis-

sion construct, establish or extend beyond the corporate limits of said municipality or county line a municipal or county waterworks or electric power system under the provisions of this article to supply service in competition with an existing privately or municipally or county owned waterworks or electric power system in such municipality or county or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, That a municipality or county commission may not exercise such right of eminent domain over a privately owned electric power system or any part thereof for the purpose of acquiring, constructing, establishing or extending an electric power system.

Subject to the provisions of this article and notwithstanding the provisions of section nineteen, article twelve of this chapter to the contrary, a municipality or county commission may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, electric generators or electric generating systems or electric transmission systems more than one mile beyond the corporate limits of such municipality or county line and said electric generation systems shall not be under the jurisdiction of the public service commission.

Acts 1933, Ex. Sess., c. 26, § 9; Acts 1937, c. 52; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1983, c. 151; Acts 1990, c. 141.

Library References

Key Numbers

Eminent Domain ⚷28, 35.
Westlaw Key Number Searches: 148k28; 148k35; 268k950(15).

Encyclopedias

C.J.S. Eminent Domain §§ 38 to 39, 49.

Notes of Decisions

In general 1

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1. In general

The section of the municipal home rule statute enabling municipalities to acquire and establish water, gas and electric systems does not authorize the use of the power of eminent domain for the acquisition of privately owned public utilities, but merely authorizes the establishment of utility systems through the process of construction and by the purchase of franchises and properties of going utility concerns. Code 1937, 8A-4-26. City of Mullens v. Union Power Co., 1940, 7 S.E.2d 870, 122 W.Va. 179. Eminent Domain ⚷ 47(1)

PART IV—REVENUE BOND FINANCING

§ 8-19-4. Estimate of cost; ordinance or order for issuance of revenue bonds; interest on bonds; rates for services; exemption from taxation

Whenever a municipality or county commission shall, under the provisions of this article, determine to acquire, by purchase or otherwise, construct, establish, extend or equip a waterworks system or an electric power system, or to construct any additions, betterments or improvements to any waterworks or electric power system, it shall cause an estimate to be made of the cost thereof,

and may, by ordinance or order, provide for the issuance of revenue bonds under the provisions of this article, which ordinance or order shall set forth a brief description of the contemplated undertaking, the estimated cost thereof, the amount, rate or rates of interest, the time and place of payment, and other details in connection with the issuance of the bonds. Such bonds shall be in such form and shall be negotiated and sold in such manner and upon such terms as the governing body of such municipality or county commission may by ordinance or order specify. All such bonds and the interest thereon shall be exempt from all taxation by this state, or any county, municipality or county commission, political subdivision or agency thereof. Notwithstanding any other provision of this code to the contrary, the real and personal property which a municipality or county has acquired and constructed according to the provisions of this article, and any leasehold interest therein held by other persons, shall be deemed public property and shall be exempt from taxation by the state, or any county, municipality or other levying body, so long as the same is owned by such municipality or county: Provided, That with respect to electric power systems, this exemption for real and personal property shall be applicable only for such real and personal property (1) physically situate within the municipal or county boundaries of the municipality or county which acquired or constructed such electric power system and there was in place prior to the effective date of the amendments to this section made in the year one thousand nine hundred ninety-two an agreement between the municipality and the county commission for payments in lieu of tax, or (2) acquired or constructed with the written agreement of the county school board, county commission and any municipal authority within whose jurisdiction the electric power system is or is to be physically situate. Notwithstanding anything contained in this statute to the contrary, this exemption shall be applicable to any leasehold or similar interest held by persons other than a municipality or county only if acquired or constructed with the written agreement of the county school board, county commission and any municipal authority within whose jurisdiction the electric power system is or is to be physically situate: Provided, however, That payments made to any county commission, county school board or municipality in lieu of tax pursuant to such an agreement shall be distributed as if the payments resulted from ad valorem property taxation. Such bonds shall bear interest at a rate per annum set by the municipality or county commission, payable at such times, and shall be payable as to principal at such times, not exceeding fifty years from their date, and at such place or places, within or without the state, as shall be prescribed in the ordinance or order providing for their issuance. Unless the governing body of the municipality or county commission shall otherwise determine, such ordinance or order shall also declare that a statutory mortgage lien shall exist upon the property so to be acquired, constructed, established, extended or equipped, fix minimum rates or charges for water or electricity to be collected prior to the payment of all of said bonds and shall pledge the revenues derived from the waterworks or electric power system for the purpose of paying such bonds and interest thereon, which pledge shall definitely fix and determine the amount of revenues which shall be necessary to be set apart and applied to the payment of the

principal of and interest upon the bonds and the proportion of the balance of such revenues, which are to be set aside as a proper and adequate depreciation account, and the remainder shall be set aside for the reasonable and proper maintenance and operation thereof. The rates or charges to be charged for the services from such waterworks or electric power system shall be sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the waterworks or electric power system, and to provide an adequate depreciation fund; and to make any other payments which shall be required or provided for in the ordinance or order authorizing the issuance of said bonds.

Acts 1933, Ex. Sess., c. 26, § 3; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1955, c. 133; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1978, c. 72; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1984, c. 128; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141; Acts 1992, c. 147.

Library References

Key Numbers

Municipal Corporations ⟹950(15).
Taxation ⟹215, 218.
Westlaw Key Number Searches: 371k215; 371k218.

Encyclopedias

C.J.S. Municipal Corporations §§ 1708 to 1709.
C.J.S. Taxation §§ 252, 256, 260.

§ 8-19-5. Publication of abstract of ordinance or order and notice; hearing

After the ordinance or order for any project under this article has been adopted, an abstract of the ordinance or order, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance or order, 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 or county. The notice to be published with said abstract of the ordinance or order shall state that said ordinance or order has been adopted, that the municipality or county commission contemplates the issuance of the bonds described in the ordinance or order, that any person interested may appear before the governing body, upon a certain date, which shall be not less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication by such abstract and notice, and present protests, and that a certified copy of the ordinance or order is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it considers proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality or county, then the governing body of said municipality or county shall not take further action unless four fifths of the qualified members of said governing body assent thereto.

Acts 1933, Ex. Sess., c. 26, § 4; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷294(7).
Westlaw Key Number Search: 268k294(7).

Encyclopedias
C.J.S. Municipal Corporations § 981.

§ 8-19-6. Amount, negotiability and execution of bonds

Bonds herein provided for shall be issued in such amounts as may be necessary to provide sufficient funds to pay all costs of acquisition, construction, establishment, extension or equipment, including engineering, legal and other expenses, together with interest to a date six months subsequent to the estimated date of completion. Bonds issued under the provisions of this article are hereby declared to be negotiable instruments, and the same shall be executed by the proper legally constituted authorities of the municipality or county commission, and be sealed with the corporate seal of the municipality or certified by the county commission, 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. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance or order authorizing the issuance of the bonds.

Acts 1933, Ex. Sess., c. 26, § 5; Acts 1933, 2nd Ex. Sess., c. 49, § 5; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1984, c. 128; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷927.
Westlaw Key Number Search: 268k927.

Encyclopedias
C.J.S. Municipal Corporations § 1699.

§ 8-19-7. Bonds payable solely from revenues; not to constitute municipal or county indebtedness

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from such waterworks or electric power system, and such bonds shall not in any event constitute an indebtedness of such municipality or county within the meaning of any constitutional or statutory provision or limitation, and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of such municipality or county within constitutional or statutory provision or limitation. Subject to the provisions of subsection (b), section twelve of this article, the ordinance or order authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued.

Acts 1933, Ex. Sess., c. 26, § 6; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8-19-8. Lien of bondholders; deeds of trust; security agreements; priority of liens

Unless the governing body shall otherwise determine in the ordinance or order authorizing the issuance of bonds under this article, there shall be and there is hereby created and granted a statutory mortgage lien upon the waterworks or electric power system so acquired, constructed, established, equipped, extended or improved from the proceeds of bonds hereby authorized to be issued, which shall exist in favor of the holder of said bonds and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such waterworks or electric power system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Any municipality or county commission in acquiring an existing waterworks system or in improving an existing waterworks or electric power system may provide that financing therefor may be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section six of this article. Any revenue bonds so issued to provide financing for such existing waterworks or electric power system or for any improvements to an existing waterworks or electric power system may be secured by a mortgage or deed of trust upon and security interest in the property so acquired or improved or any other interest of the municipality or county commission in property related thereto as determined by the municipality or county commission in the ordinance or order authorizing the issuance of such revenue bonds; and in such event the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, such remedies and rights as may now or hereafter exist in law in the case of mortgages or deeds of trust on real property and security interests in personal property. Such mortgage or deed of trust, upon its recordation, shall have priority over all other liens or encumbrances, however created or arising, on the property covered by such mortgage or deed of trust, to the same extent and for the same amount as if the municipality or county were obligated to pay the full amount secured by such mortgage or deed of trust immediately upon the recordation of such mortgage or deed of trust and remained so obligated until the obligations secured are fully discharged.

Acts 1933, Ex. Sess., c. 26, § 7; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8-19-9. Covenants with bondholders

Any ordinance or order authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company within or without the state for the security of said bonds, which any such municipality or county commission is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

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

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such waterworks or electric power system, including any part thereof heretofore or hereafter acquired, constructed, established, extended or equipped or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the waterworks or electric power system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended or equipped and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such waterworks or electric power system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such waterworks or electric power system, and all reserve and other funds required by the terms of the ordinance or order authorizing the issuance of such bonds;

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

(e) Subject to the provisions of subsection (b), section twelve of this article, limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such waterworks or electric power system, and the rank or priority, as to lien and source and security for payment from the revenues of such waterworks or electric power system, between bonds payable from such revenues;

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

(g) Budgets for the annual repair, maintenance and operation of such waterworks or electric power 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 waterworks or electric power system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such 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.

Any such ordinance, order or trust indenture may also contain such other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities or county commissions plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities and counties full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⟹919.
Westlaw Key Number Search: 268k919.

Encyclopedias
C.J.S. Municipal Corporations § 1661.

§ 8-19-10. Operating contract

Any such municipality or county commission may enter into contracts or agreements with any persons for (1) the repair, maintenance and operation and management of the facilities and properties of said waterworks or electric power system, or any part thereof, or (2) the collection and disbursement of the income and revenues therefor, or for both (1) and (2), for such period of time and under such terms and conditions as shall be agreed upon between such municipality or county commission and such persons. Any such municipality or county commission shall have plenary power and authority to provide in the ordinance or order 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 and county commission as long as any of said bonds, or interest thereon, is outstanding and unpaid.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷232.
Westlaw Key Number Search: 268k232.

Encyclopedias
C.J.S. Municipal Corporations § 905.

§ 8-19-11. Rates or charges for water and electric power must be sufficient to pay bonds, etc.; disposition of surplus

Rates or charges for water or electric power fixed precedent to the issuance of bonds shall not be reduced until all of said bonds shall have been fully paid, and may, whenever necessary, be increased in amounts sufficient to provide for the payment of the principal of and interest upon such bonds, and to provide proper funds for the depreciation account and repair, maintenance and operation charges. If any surplus shall be accumulated in the repair, maintenance and operation fund which shall be in excess of the cost of repairing, maintaining and operating the waterworks or electric power system during the remainder of the fiscal year then current, and the cost of repairing, maintaining and operating the said waterworks or electric power system during the fiscal year then next ensuing, then any such excess may be transferred to either the depreciation account or to the bond and interest redemption account, and if any surplus shall be accumulated in the depreciation account over and above that which the municipality or county commission shall find may be necessary for the probable replacements which may be needed during the then present fiscal year, and the next ensuing fiscal year, such excess may be transferred to the bond and interest redemption account, and, if any surplus shall exist in the bond and interest redemption account, the same shall be applied insofar as possible in the purchase or retirement of outstanding revenue bonds payable from such account.

Acts 1933, Ex. Sess., c. 26, § 8; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8-19-12. Service charges; sinking fund; amount of bonds; additional bonds; surplus

(a) Every municipality or county commission issuing bonds under the provisions of this article shall thereafter, so long as any of such bonds remain outstanding, repair, maintain and operate its waterworks or electric power system as hereinafter provided and shall charge, collect and account for revenues therefrom as will be sufficient to pay all repair, maintenance and operation costs, provide a depreciation fund, retire the bonds and pay the interest requirements of the bonds as the same become due. The ordinance or order pursuant to which any such bonds are issued shall pledge the revenues derived from the waterworks or electric power system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The

amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance or order pursuant to which such bonds have been issued: Provided, That payment of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality or county commission directly to the United States of America or said agency or department thereof. The bonds hereby authorized shall be issued in such amounts as may be determined necessary to provide funds for the purpose for which they are authorized, and in determining the amount of bonds to be issued it shall be proper to include interest on the bonds for a period not beyond six months from the estimated date of completion.

(b) If the proceeds of the bonds, because of error or otherwise, shall be less than the cost of the property or undertaking for which authorized, additional bonds may be issued to provide the amount of such deficit and such additional bonds shall be considered to be of the same issue and shall be entitled to payment from the same fund without preference or priority over the bonds first authorized and issued.

(c) If the proceeds of the bonds shall exceed the cost of the property or undertaking, the surplus shall be converted into the fund thereon.

Acts 1933, Ex. Sess., c. 26, § 11; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1986, c. 118; Acts 1990, c. 141.

Library References

Key Numbers

Municipal Corporations ⟹951.
Westlaw Key Number Search: 268k951.

Encyclopedias

C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 8-19-12a. Lien for delinquent service rates and charges; failure to cure delinquency; civil actions; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a) Whenever any rates and charges for water services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided, shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid.

(b) All rates or charges for water service whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for such services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner

of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(c) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(d) No municipality may foreclose upon the premises served by it for delinquent rates or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1989, c. 133; Acts 1990, c. 140; Acts 1990, c. 141.

Library References

Key Numbers	Encyclopedias
Waters and Water Courses ⟹203(14).	C.J.S. Waters § 308.
Westlaw Key Number Search: 405k203(14).	

§ 8-19-13. Discontinuance of water or electric power service for nonpayment of rates or charges

Any such municipality or county commission shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water or electric power service of said waterworks or electric power system for the nonpayment of the rates or charges for said water or electric power service.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers	Encyclopedias
Electricity ⟹11.2(3).	C.J.S. Electricity § 29.
Waters and Water Courses ⟹203(13).	C.J.S. Waters § 305.
Westlaw Key Number Searches: 145k11.2(3); 405k203(13).	

§ 8-19-14. Bonds for additions, betterments and improvements

Whenever any municipality or county commission shall now or hereafter own and operate a waterworks or electric power system, whether acquired, con-

structed, established, extended or equipped under the provisions of this article or not, and shall desire to construct additions, betterments or improvements thereto, it may issue revenue bonds under the provisions of this article to pay for the same, and the procedure therefor, including the fixing of rates or charges, and the computation of the amount thereof, and the power and authority in connection therewith, shall be the same as in this article provided for the issuance of bonds for the acquisition, construction, establishment, extension or equipment of a waterworks system or electric power system in a municipality or county which has not heretofore owned and operated a waterworks or electric power system: Provided, That nothing in this article shall be construed as authorizing any municipality or county commission to impair or commit a breach of the obligation of any valid lien or contract created or entered into by it, the intention being to authorize the pledging, setting aside and segregation of such revenues for the construction of such additions, betterments or improvements only where and to the extent consistent with outstanding obligations of such municipality or county commission, and in accordance with the provisions of this article.

Acts 1933, Ex. Sess., c. 26, § 10; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷911.
Westlaw Key Number Search: 268k911.

Encyclopedias
C.J.S. Municipal Corporations § 1649.

§ 8-19-15. System of accounts; audit

Any municipality or county commission operating a waterworks or electric power system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such waterworks or electric power system and the application of the same. At least once each year such municipality or county commission shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷885.
Westlaw Key Number Search: 268k885.

Encyclopedias
C.J.S. Municipal Corporations § 1629.

§ 8-19-16. Protection and enforcement of rights of bondholders, etc.; receivership

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section eight of this article, protect and enforce any and all rights

granted hereunder or under any such ordinance, order or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance, order or trust indenture to be performed by the municipality or county commission, or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the waterworks or electric power system. If there be default in the payment of the principal of or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said waterworks or electric power system on behalf of the municipality or county commission, and the bondholders or trustee, or both, with power to charge and collect rates or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance or order pursuant to which such bonds have been issued or any trust indenture, or both.

Acts 1933, Ex. Sess., c. 26, § 12; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Key Numbers

Municipal Corporations ⟹955(1).

Westlaw Key Number Search: 268k955(1).

PART V—GRANTS, LOANS, ADVANCES AND AGREEMENTS; CUMULATIVE AUTHORITY

§ 8-19-17. Grants, loans, advances and agreements

As an alternative to, or in conjunction with, the issuance of revenue bonds authorized by this article, any municipality or county commission is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, or otherwise enter into agreement, including, but not limited to, agreements of indemnity, assurance or guarantee with respect to, and for the purpose of financing part or all of, the cost of acquisition, construction, establishment, extension or equipment of waterworks or electric power systems and the construction of additions, betterments and improvements to existing waterworks systems or to existing electric power systems, and for the other purposes herein authorized, from or with 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, or the municipality's or county's financial obligations contained in such other agreements, which need not bear interest, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of or proceeds from the said waterworks system or electric power system or grants to the municipality

or county commission 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 may be secured in the manner provided in sections eight, nine and sixteen of this article to secure bonds issued under the provisions of this article, but shall not otherwise be subject to the requirements of sections eleven and twelve of this article, 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.

In no event shall any such loan or temporary advance or agreement be a general obligation of the municipality or county and such loans or temporary advances or agreements, including the interest thereon, shall be paid solely from the sources specified in this section.

Acts 1961, c. 105; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⟹908.
Westlaw Key Number Search: 268k908.

Encyclopedias
C.J.S. Municipal Corporations §§ 1646, 1652.

§ 8-19-18. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority

This article shall, without reference to any other statute or charter provision, be deemed full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to a waterworks or electric power system or for the construction of any additions, betterments, improvements, repairs, maintenance or operation of or to an existing electric power system as herein provided and for the issuance and sale of the bonds or the alternative methods of financing by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds or the alternative methods of financing under the provisions of this article and no publication of any resolution, ordinance, order, notice or proceeding relating to any such undertaking or to the issuance or sale of such bonds or the alternative methods of financing shall be required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the state division of health shall remain unaffected by this article.

This article shall be construed as cumulative authority for any undertaking herein authorized, and shall not be construed to repeal any existing laws with respect thereto.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Library References

Key Numbers
Municipal Corporations ⚷271, 272.

Westlaw Key Number Searches: 268k271; 268k272.

PART VI—OPERATION BY BOARD; CONSTRUCTION

§ 8-19-19. Alternative procedure for acquisition, construction or improvement of waterworks or electric power system

As an alternative to the procedures hereinabove provided, any municipality or county commission is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a waterworks or an electric power system or to construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or a portion of the governing body, or of a board or commission appointed by such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen of this chapter.

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

Library References

Key Numbers
Electricity ⚷1.5.
Waters and Water Courses ⚷183.
Westlaw Key Number Searches: 145k1.5; 405k183.

Encyclopedias
C.J.S. Electricity § 6.
C.J.S. Waters §§ 228, 235.

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

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86; Acts 1990, c. 141.

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

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs, constructs, maintains, or upgrades water mains, shall ensure that all new mains specifically intended to provide fire protection are supplied by mains which are not less than six inches in diameter. A permit or other written approval shall be obtained from the Department of Health and Human Resources for each hydrant or group of hydrants installed in compliance with section nine, article one, chapter sixteen of the West Virginia Code as amended: Provided, That all newly constructed water distribution systems transferred to a public or private

utility shall have mains at least six inches in diameter where fire flows are desired or required by the public or private utility: Provided, however, That the utility providing service has sufficient hydraulic capacity as determined by the Department of Health and Human Resources.

Acts 1994, c. 31.

Library References

Key Numbers

Waters and Water Courses ⚷202.
Westlaw Key Number Search: 405k202.

Encyclopedias

C.J.S. Waters § 280.

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapters 8 to 10

2010
Cumulative Annual Pocket Part

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Note 2

benefited, including undivided interest thereof. 51 W.Va. Op.Atty.Gen. 588 (November 24, 1965) 1965 WL 92496.

PART XII—CONNECTION TO SEWERS; BOARD OF HEALTH; ENFORCEMENT OF DUTY TO PAY FOR SERVICE

§ 8-18-22. Connection to sewers; board of health; penalty

Regardless of whether a lot or parcel is within any municipality's geographical limits, the owner or owners of any lot or parcel of land abutting on any street, alley, public way or easement on which a municipal sewer is now located or may hereafter be constructed and laid (whether constructed and laid under the provisions of this article or any other provisions of law) upon which lot or parcel of land any business or residence building is now located or may hereafter be erected, not connected with a public sewer, may be required and compelled by the municipality or by the board of health to connect any such building with such sewer. Notice so to connect shall be given by the municipality or by the board of health to the owner and to the lessee or occupant of such building. The owner or owners shall connect to the municipal sewer within thirty days after notice to connect has been sent by the municipality. Regardless of whether the owner or owners connect to such sewer, the municipality may bill the owner or owners of the lot or parcel and the owner or owners shall pay the municipality's charge based on the actual water consumption on the lot or parcel. If the lot or parcel is not metered, the municipality's charge shall be based on the municipality's good faith estimate of the consumption on the lot or parcel.

Acts 1908, c. 8, § 3; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1999, c. 202, eff. 90 days after March 10, 1999; Acts 2004, c. 185, eff. 90 days after March 12, 2004.

Formerly Code 1923, c. 47, § 49c(3).

Notes of Decisions

In general 1

1. In general

Owners of property that was located outside of town's corporate limits but that was mandated by town to be connected to town's new sewer system had no constitutional due process right to personal notice and opportunity to be heard before town approved construction of the new sewer system. Buda v. Town of Masontown, 2005, 617 S.E.2d 831, 217 W.Va. 284. Constitutional Law ⟹ 4372; Municipal Corporations ⟹ 712(4).

Mandatory connection to town's sewer system and forced abandonment of septic systems on owners' properties, which were located outside town's corporate limits, did not amount to a taking of property for constitutional purposes; state's police power included right to regulate sewer systems, state could delegate power to subordinate public entities, and owners held their property subject to proper exercise of police power for common good. Buda v. Town of Masontown, 2005, 617 S.E.2d 831, 217 W.Va. 284. Eminent Domain ⟹ 2.18.

ARTICLE 19

MUNICIPAL AND COUNTY WATERWORKS AND ELECTRIC POWER SYSTEMS

PART II—LIMITATIONS ON SALE OR LEASE OF CERTAIN MUNICIPAL WATERWORKS

§ 8-19-2. Contracts for purchase of electric power or energy by a municipality; definitions; requirements; payments; rates and charges

(a) For the purposes of this section:

(1) "Contract" means an agreement entered into by a municipality with any other party for the purchase of electric output, capacity or energy from a project as defined herein.

(2) "Any other party" means any other legal entity, including, but not limited to, another municipality, political subdivision, public authority, agency or instrumentality of any state or the United States, a partnership, a limited partnership, a limited liability company, a corporation, an electric cooperative or an investor-owned utility existing under the laws of any state; and

(3) "Project" or "projects" means systems or facilities owned by another party and used for the generation, transmission, transformation or supply of electric power, or any interest in them, whether an undivided interest as a tenant in common or otherwise, or any right to the output, capacity or services thereof.

(b) In addition to the general authority to purchase electricity on a wholesale basis for resale to its customers, any municipality that owns and operates an electric power system under the provisions of this article may enter into a contract with any other party for the purchase of electricity from one or more projects located in the United States that provide that the contracting municipality is obligated to make payments required by the contract whether or not a project is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of a project or the power and energy contracted for and that the payments shall not be subject to any reduction, whether by offset or otherwise, and shall not be conditioned upon performance or nonperformance by any other party. The contract may provide that, in the event of a default by the municipality or any other party to the contract in the performance of each entities' obligations under the contract, any nondefaulting municipality or any other party to the contract shall on a pro rata basis succeed to the rights and interests of, and assume the obligations of, the defaulting party.

(c) Notwithstanding any other provisions of law, ordinance or charter provision to the contrary, a contract under subsection (b) of this section may extend for more than fifty years or fifty years from the date a project is estimated to be placed into normal continuous operation and the execution and effectiveness of the contract is not subject to any authorizations or approvals by the state or any agency, commission, instrumentality or political subdivision thereof except as otherwise specifically required by law.

(d) A contract under subsection (b) of this section may provide that payments by the municipality are made solely from and may be secured by a pledge of and lien upon revenues derived by the municipality from ownership and operation and that payments shall constitute an operating expense of the electric power system. No obligation under the contract shall constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the municipality or upon any of its income, receipts or revenues, except the revenues of the municipality's electric power system. Neither the faith and credit nor the taxing power of the municipality shall be pledged for the payment of any obligation under the contract.

(e) A municipality contracting under the provisions of subsection (b) of this section is obligated to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services it sells, furnishes or supplies through its electric power system in an amount sufficient to provide revenues adequate to meet its obligations under the contract and to pay any and all other amounts payable from or constituting a charge and lien upon the revenues, including the amounts necessary to pay the principal and interest on any municipal bonds issued related to its electric power system: *Provided*, That any change in the rates and

charges of the municipality to the customers of the electric power system under the provisions of this section are subject to the provisions and requirements of section four-b, article two, chapter twenty-four of this code and the obligations of the municipality under the contract are costs of providing electric service within the meaning of that section.

Acts 2007, c. 186, eff. June 6, 2007.

PART IV—REVENUE BOND FINANCING

§ 8-19-12a. Deposit required for new customers; lien for delinquent service rates and charges; failure to cure delinquency; payment from deposit; reconnecting deposit; return of deposit; liens; civil actions; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a)(1) Whenever any rates and charges for water services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided, shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid. When a payment has become delinquent, the municipality may utilize any funds held as a security deposit to satisfy the delinquent payment. All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location.

(2) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of $50 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, no reconnection or reinstatement of service may be made by the municipality or governing body until another deposit equal to $50 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality or governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of water facilities ten days after the water services become delinquent regardless of whether the municipality or governing body utilizes the security deposit to satisfy any delinquent payments: *Provided further*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) All rates or charges for water service whenever delinquent shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for such services rendered plus court fees and costs and a reasonable attorney's fee: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(c) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(d) No municipality may foreclose upon the premises served by it for delinquent rates or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1989, c. 133; Acts 1990, c. 140; Acts 1990, c. 141; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2010, c. 201, eff. June 11, 2010.

PART VI—OPERATION BY BOARD; CONSTRUCTION

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

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs or constructs water mains, shall ensure that all new mains specifically intended to provide fire protection are not less than six inches in diameter. Effective the first day of July, two thousand seven, when any state or local government, public service district, public or private utility installs or constructs water mains along a platted roadway or a public highway, using a six inch or greater line, that is specifically designed to provide fire protection, the state or local government, public service district, public or private utility shall install fire hydrants at intervals of not more than two thousand feet, unless there are no dwellings or businesses located one thousand feet from such proposed hydrant: *Provided*, That the Legislature shall study the effect, cost and feasibility of the internal hydrant valve and report the findings of that study to the regular session of the Legislature in the year two thousand and eight. A permit or other written approval shall be obtained from the Department of Health and Human Resources for each hydrant or group of hydrants installed in compliance with section nine, article one, chapter sixteen of the West Virginia Code as amended: *Provided, however*, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are required by the public or private utility: *Provided further*, That the utility providing service has sufficient hydraulic capacity as determined by the Department of Health and Human Resources.

Acts 1994, c. 31; Acts 2007, c. 187, eff. June 16, 2007.

§ 8-19-22. Identification requirement for fire hydrants that are inoperable or unavailable for use in emergency situations

(a) The owner or operator of a fire hydrant or any device having the appearance of a fire hydrant that is located in a place that an entity responsible for providing fire suppression services in a fire emergency would expect a fire hydrant to typically be located, shall mark the fire hydrant or device, as set out in subsection (b) of this section, if the owner or operator has actual knowledge that the fire hydrant or device is inoperable or is unavailable for use by an entity providing fire suppression services in a fire emergency.

(b) To mark the fire hydrant or device, the owner or operator of the fire hydrant or device shall:

(1) Paint the fire hydrant or device black if the fire hydrant or device is inoperable or unavailable for use; or

(2) Place a black tarp over the fire hydrant or device if the device is temporarily inoperable or temporarily unavailable for use in a fire emergency, for a period not to exceed fourteen days.

(c) For the purposes of this section, the word "inoperable" means a fire hydrant that does not produce water flow when activated.

Acts 2009, c. 163, eff. July 9, 2009.

ARTICLE 20

COMBINED SYSTEMS

Part III—Revenue Bond Financing.

PART III—REVENUE BOND FINANCING

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a)(1) The governing body of a municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all necessary rules for the repair, maintenance, operation and management of the combined system of the municipality and for the use thereof. The governing body of a municipality also has the plenary power and authority to make, enact and enforce all necessary rules and ordinances for the care and protection of any such system for the health, comfort and convenience of the public, to provide a clean water supply, to provide properly treated sewage insofar as it is reasonably possible to do and, if applicable, to properly collecting and controlling the stormwater as is reasonably possible to do: *Provided*, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or storm water facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) A municipality has the plenary power and authority to charge the users for the use and service of a combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, rates, fees or charges may be fixed for the water and sewer services respectively and, if applicable, the stormwater services, or combined rates, fees or for the combined water and sewer services, and, if applicable, the storm water services. Such deposits, rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund, an adequate depreciation fund and pay the principal and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance. The rates, fees or charges shall be changed, from time to time, as necessary, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

[illegible]

[illegible]

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

I, Debra Jo Fogus, Do Solemnly Swear That I Will Support The Constitution Of The United States, And The Constitution of This State Of West Virginia, And That Of The City Of White Sulphur Springs, And That I Will Faithfully Discharge The Duties of Mayor To The Best Of My Skill And Judgement, So, Help Me God.

Debra Jo Fogus
Debra Jo Fogus

June 23, 2005
DATE

James W. Perrow
James Perrow

June 23, 2005
DATE

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

0001

I, Lynn Swann, Do Solemnly Swear That I Will Support The Constitution Of The United States, And The Constitution Of The State Of West Virginia, And That Of The City Of White Sulphur Springs, And That I will Faithfully Discharge The Duties Of City Councilperson To The Best Of My Skill And Judgment, So, Help Me God.

Lynn Swann
Lynn Swann

July 2, 2007
Date

James Perrow
James Perrow, Recorder

July 2, 2007
Date

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

I, Peggy Bland, Do Solemnly Swear That I Will Support The Constitution Of The United States, And The Constitution of This State Of West Virginia, And That Of The City Of White Sulphur Springs, And That I Will Faithfully Discharge The Duties of City Recorder To The Best Of My Skill And Judgement, So, Help Me God.

Peggy L. Bland
Peggy Bland

June 23, 2005
DATE

Debra Jo Fogus
Debra Jo Fogus, Mayor

June 23, 2005
DATE

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

I, Chris Hanna, Do Solemnly Swear That I Will Support The Constitution Of The United States, And The Constitution of This State Of West Virginia, And That Of The City Of White Sulphur Springs, And That I Will Faithfully Discharge The Duties of City Councilperson To The Best Of My Skill And Judgement, So, Help Me God.

Chris Hanna
Chris Hanna

June 23, 2005
DATE

Debra Jo Fogus
Debra Jo Fogus, Mayor

June 23, 2005
DATE

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

I, Thomas Taylor, do solemnly swear that I will support the Constitution of the United States, and the Constitution of this State, and that I will faithfully discharge the duties of Recorder to the best of my skill and judgment, so help me God.

Judge James Rowe — **Date** June 29, 2009

Thomas Taylor — **Date** June 29, 2009

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

I, Bruce M. Bowling, Do Solemnly Swear That I Will Support The Constitution Of The United States, And The Constitution Of This State Of West Virginia, And That Of The City Of White Sulphur Springs, And That I Will Faithfully Discharge The Duties Of Councilperson To The Best Of My Skill And Judgment, So, Help Me God.

Debra J. Fogus — 10-26-09

Debra J. Fogus, Mayor — **Date**

Bruce M. Bowling — 10-26-09

Bruce M. Bowling — **Date**

CITY OF
WHITE SULPHUR SPRINGS
"OATH OF OFFICE"

I, Lloyd E. Haynes, Do Solemnly Swear That I Will Support The Constitution Of The United States, And The Constitution Of This State Of West Virginia, And That Of The City Of White Sulphur Springs, And That I Will Faithfully Discharge The Duties Of Councilperson To The Best Of My Skill And Judgment, So, Help Me God.

Debra J. Fogus — 10-26-09

Debra J. Fogus, Mayor — **Date**

Lloyd E. Haynes — 10/26/09

Lloyd E. Haynes — **Date**

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
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Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

August 11, 2008

The Honorable Debra Fogus
Mayor, City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, West Virginia 24986

Re: City of White Sulphur Springs
Water Project 2008W-1021

Dear Mayor Fogus:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the City of White Sulphur Springs' (the "City") revised preliminary application to upgrade the existing water treatment plant and water distribution system (the "Project").

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The City should carefully review the enclosed comments of the Water Technical Review Committee as the City may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Council determined that the City should pursue a $9,780,000 Drinking Water Treatment Revolving Fund loan to fund this project. Please contact the West Virginia Bureau of Public Health office at (304) 558-6749 for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Jeff Brady at (304) 558-4607.

Sincerely,

Kenneth Lowe, Jr.

Enclosure
cc: Bob DeCrease, P.E., BPH (w/o enclosure) (via e-mail)
Region IV Planning & Development Council
Paul Ghosh, P.E., Ghosh Engineers, Inc.

DWTRF
(08/10)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

CITY OF WHITE SULPHUR SPRINGS (2008W-1021)
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH 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 BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the design, acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

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

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water 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 Entity;

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

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

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity'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 Entity, BPH 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 entity," and "project" have the definitions and meanings ascribed to them in the Act or in the DWTRF Regulations.

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

1.3 "Cross Cutter Authorities" means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

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

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

1.6 "Local Bonds" means the revenue bonds to be issued by the Local Entity 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.

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

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

1.9 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.10 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity 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.

1.11 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.12 "System" means the drinking water system owned by the Local Entity, 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.

1.13 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 design, 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 Entity by the Consulting Engineers, the BPH 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 Entity 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 Entity 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 Entity, 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 BPH and the Authority.

2.4 The Local Entity agrees that the Authority and BPH 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 Entity further agrees that the Authority and BPH 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 BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity 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 Entity shall permit the Authority and BPH, 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 Entity shall submit to the Authority and BPH 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 Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity 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 Entity 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 Entity 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 BPH

and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) 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 Entity, 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 Entity 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 Entity 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 Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity 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 Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State. If the Local Entity is a newly established water system, the Local Entity must 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 newly established Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Entity hereby covenants and agrees to comply with all applicable federal and state statutes, rules and regulations, the applicable requirements of all Cross Cutter Authorities and all applicable local ordinances issued by the Authority,

BPH 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 Entity, 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 A and incorporated herein by reference, and forward a copy by the 10th of each month the Authority.]

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and BPH to make the Loan is subject to the Local Entity's fulfillment, to the satisfaction of the Authority and BPH, 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 Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended;

(b) The Local Entity 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 Entity 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 Entity 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 Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

(e) The Local Entity 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 BPH shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Entity 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 BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

(h) The Local Entity 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 BPH shall have received an opinion of counsel to the Local Entity, which may be local

counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, 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 BPH shall have received a certificate of the accountant for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, to such effect;

(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 BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants; and

(k) The Local Entity shall have obtained 100% of the titles, easements and rights-of-way, or shall have received rights-of-entry for the same and the Authority and BPH shall receive an opinion of counsel to the Local Entity, satisfactory to the Authority and BPH, to such effect.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF 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 Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity 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 Entity 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, BPH and the Local Entity. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity'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 Entity 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 execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the special requirements established by federal and State regulations as set forth in Exhibit D attached hereto at such times as are set forth therein.

3.7 The Local Entity shall comply with the following conditions:

(a) The Local Entity shall develop and implement an asset management plan in accordance with BPH guidelines and approved by BPH.

(b) The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying.

(c) The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference

be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

(d) The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

(e) The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement.

(f) The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this Agreement and (2) interview any officer or employee of the Local Entity.

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

(h) The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

(i) The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than the higher of those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 31 of title 40, United States Code or the prevailing wage rate set by the State. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

(j) Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make Disadvantage Business Enterprise (DBE) good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with DBE participation reports semi-annually.

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

ARTICLE IV

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

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Entity 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 Entity has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues, as applicable, 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 Entity will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the DWTRF Regulations, 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 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 the 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 Entity 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;

(vi) That the Local Entity 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 Entity 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 Entity 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 Entity will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, 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. If the Local Entity receives $500,000 or more (in any combination of federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity 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 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 Entity 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 funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the BPH, 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 Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and 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 Entity 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 Entity shall complete the Monthly Payment Form, attached hereto as Exhibit E 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. The Local Entity shall make monthly payments to the Commission by electronic transfer;

(xviii) That, if required by the Authority and BPH and, 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 Entity 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 Entity 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

(xxi) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH 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 Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Entity 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 F.

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

4.3 At least two and one-half percent (2½%) 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 Authority monthly as required by the Local Entity 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 Entity, the BPH 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 DWTRF 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 Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity's allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to 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 Entity; Imposition and Collection of User Charges; Payments To Be Made by Local Entity to the Authority

5.1 The Local Entity 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 Entity 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 Entity 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 Entity 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 Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, 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 Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of default by local entities in the terms and covenants of this Loan Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity 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 Entity hereby warrants and represents that all information provided to the Authority and BPH 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 BPH 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 BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity 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 DWTRF Regulations or this Loan Agreement.

6.3 The Local Entity 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 Entity hereby covenants that, if required by the Authority, 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 Entity fails to make any such rebates as required, then the Local Entity 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 may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Entity to be monitored or cause the rebate calculations for the Local Entity to be prepared, in either case at the expense of the Local Entity.

6.6 The Local Entity hereby agrees to give the Authority 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 Entity hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule setting forth the actual costs of the Project and sources of funds.

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 Entity 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 Entity 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 Entity from either the Authority or BPH;

(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 the BPH if the Local Entity has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and BPH 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 Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. 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.

CITY OF WHITE SULPHUR SPRINGS

(SEAL)

By: Delia Fogus
Its: Mayor
Date: April 14, 2011

Attest:

Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: April 14, 2011

Attest:

Carol A. Cummings
Its: Authorized Officer

{C2025967.1}

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity _____
Name of Bond Issue(s)_____ ___
Type of Project _____**Water**_____**Wastewater**
Fiscal Year _____**Report Month**_____ _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
Type of Issue	_____	_____	_____	_____
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 Entity 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 Entity 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 Entity.

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

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

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 used herein and 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 between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), 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 BPH and any change orders approved by the Issuer, BPH 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 B attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then

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 BPH 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[2], 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 BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this ____day of _____, _____.

[SEAL]

_____

By:

_____

West Virginia License No. _____

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insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

[2]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 D

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT – The Local Entity 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. EXHIBIT D-1 – The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

EXHIBIT D-1

For DHHR Use Only:
Grant Number _____

West Virginia Department of Health and Human Resources
Subrecipient (Grantee) Information Form
Please see the Instructions for Completion of the Subrecipient (Grantee) Information Form

1. Subrecipient (Grantee) Name

2. Subrecipient (Grantee) Location (Street Address, City State and Zip Code)

3. Subrecipient (Grantee) 9-Digit DUNS Number

4. Subrecipient (Grantee) Type (Please check one box only)

- ☐ State Government
- ☐ County Government
- ☐ City or Township Government
- ☐ Special District Government
- ☐ Regional Organization
- ☐ U.S. Territory or Possession
- ☐ Independent School District
- ☐ Public/State Controlled Institution of Higher Learning
- ☐ Indian/Native American Tribal Government (Federally Recognized)
- ☐ Indian/Native American Tribal Government (Other than Federally Recognized)
- ☐ Indian/Native American Tribally Designated Organization
- ☐ Public/Indian Housing Authority
- ☐ Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education)
- ☐ Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education)
- ☐ Private Institution of Higher Education
- ☐ Individual
- ☐ For-Profit Business (Other than Small Business)
- ☐ Small Business
- ☐ Hispanic-serving Institution
- ☐ Historically Black Colleges and Universities (HBCUs)
- ☐ Tribally Controlled Colleges and Universities (TCCUs)
- ☐ Alaska Native and Native Hawaiian Serving Institutions
- ☐ Non-domestic (non-US) entity
- ☐ Other (Please explain) _____

5. Primary Performance Location (Street Address, City State and Zip Code)

6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers

Officer Name	*Title*	*Total Compensation*

NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.

Printed Name _____ Title _____

Signature _____ Date _____ Phone # _____

DHHR Finance A-1000

EXHIBIT E

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 _____ on _____.
[Local Entity] [Date]

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

{C2025967.1}

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

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

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, 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 Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity 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 Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.

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

3. The Local Entity 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 Entity and constitute valid and binding obligations of the Local Entity, enforceable against the Local Entity 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 Entity to the Authority and are valid, legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net 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 executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (Principal Forgiveness)

Principal Amount of Local Bonds	$4,252,750
Purchase Price of Local Bonds	$4,252,750

B. Series B Bonds

Principal Amount of Local Bonds	$8,000,000
Purchase Price of Local Bonds	$8,000,000

The Series A shall bear no interest. The Authority at the direction of the BPH shall forgive the principal amount of the Series A Bonds, with no administrative fee. Principal forgiveness shall begin on June 1, 2011, and shall be made quarterly thereafter (March 1, June 1, September 1 and December 1 of each year) as set forth on Schedule Y attached hereto and incorporated herein by reference.

The Series B Bonds shall bear no interest. Commencing December 1, 2012, 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 Entity 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 Entity 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 Entity 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 gross or net revenues of the Local Entity's system as provided in the Local Act.

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request

approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity 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 Entity:

(i) City of White Sulphur Springs Water Refunding Revenue Bonds, Series 2003 A, dated October 15, 2003, issued in the original aggregate principal amount of $929,000.

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

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

City of White Sulphur Springs

DWTRF

$4,252,750

10 Years

Dated Date	4/14/11	
Delivery Date	4/14/11	

Period Ending	Debt Service		Principal Forgiveness
12/1/12	106,319		106,319
3/1/13	106,319		106,319
6/1/13	106,319		106,319
9/1/13	106,319		106,319
12/1/13	106,319		106,319
3/1/14	106,319		106,319
6/1/14	106,319		106,319
9/1/14	106,319		106,319
12/1/14	106,319		106,319
3/1/15	106,319		106,319
6/1/15	106,319		106,319
9/1/15	106,319		106,319
12/1/15	106,319		106,319
3/1/16	106,319		106,319
6/1/16	106,319		106,319
9/1/16	106,319		106,319
12/1/16	106,319		106,319
3/1/17	106,319		106,319
6/1/17	106,319		106,319
9/1/17	106,319		106,319
12/1/17	106,319		106,319
3/1/18	106,319		106,319
6/1/18	106,319		106,319
9/1/18	106,319		106,319
12/1/18	106,319		106,319
3/1/19	106,319		106,319
6/1/19	106,319		106,319
9/1/19	106,319		106,319
12/1/19	106,319		106,319
3/1/20	106,318		106,318
6/1/20	106,318		106,318
9/1/20	106,318		106,318
12/1/20	106,318		106,318
3/1/21	106,318		106,318
6/1/21	106,318		106,318
9/1/21	106,318		106,318
12/1/21	106,318		106,318
3/1/22	106,318		106,318
6/1/22	106,318		106,318
9/1/22	106,319		106,319
	4,252,750		4,252,750

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of White Sulphur Springs

DWTRF

$8,000,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Total Payments*
12/1/12	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
3/1/13	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
6/1/13	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
9/1/13	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
12/1/13	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/20	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/20	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/20	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/20	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
3/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
6/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
9/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
12/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
3/1/22	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
6/1/22	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
9/1/22	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
12/1/22	67,633.00		67,633.00	10,223.47		77,856.47
3/1/23	67,633.00		67,633.00	10,223.47		77,856.47
6/1/23	67,633.00		67,633.00	10,223.47		77,856.47
9/1/23	67,633.00		67,633.00	10,223.47		77,856.47
12/1/23	67,633.00		67,633.00	10,223.47		77,856.47
3/1/24	67,633.00		67,633.00	10,223.47		77,856.47

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of White Sulphur Springs

DWTRF

$8,000,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Total Payments*
6/1/24	67,633.00		67,633.00	10,223.47		77,856.47
9/1/24	67,633.00		67,633.00	10,223.47		77,856.47
12/1/24	67,633.00		67,633.00	10,223.47		77,856.47
3/1/25	67,633.00		67,633.00	10,223.47		77,856.47
6/1/25	67,633.00		67,633.00	10,223.47		77,856.47
9/1/25	67,633.00		67,633.00	10,223.47		77,856.47
12/1/25	67,633.00		67,633.00	10,223.46		77,856.46
3/1/26	67,633.00		67,633.00	10,223.46		77,856.46
6/1/26	67,633.00		67,633.00	10,223.46		77,856.46
9/1/26	67,633.00		67,633.00	10,223.46		77,856.46
12/1/26	67,633.00		67,633.00	10,223.46		77,856.46
3/1/27	67,633.00		67,633.00	10,223.46		77,856.46
6/1/27	67,633.00		67,633.00	10,223.46		77,856.46
9/1/27	67,633.00		67,633.00	10,223.46		77,856.46
12/1/27	67,633.00		67,633.00	10,223.46		77,856.46
3/1/28	67,633.00		67,633.00	10,223.46		77,856.46
6/1/28	67,633.00		67,633.00	10,223.46		77,856.46
9/1/28	67,633.00		67,633.00	10,223.46		77,856.46
12/1/28	67,633.00		67,633.00	10,223.46		77,856.46
3/1/29	67,633.00		67,633.00	10,223.46		77,856.46
6/1/29	67,633.00		67,633.00	10,223.46		77,856.46
9/1/29	67,633.00		67,633.00	10,223.46		77,856.46
12/1/29	67,633.00		67,633.00	10,223.46		77,856.46
3/1/30	67,633.00		67,633.00	10,223.46		77,856.46
6/1/30	67,633.00		67,633.00	10,223.46		77,856.46
9/1/30	67,633.00		67,633.00	10,223.46		77,856.46
12/1/30	67,633.00		67,633.00	10,223.46		77,856.46
3/1/31	67,633.00		67,633.00	10,223.46		77,856.46
6/1/31	67,633.00		67,633.00	10,223.46		77,856.46
9/1/31	67,633.00		67,633.00	10,223.46		77,856.46
12/1/31	67,633.00		67,633.00	10,223.46		77,856.46
3/1/32	67,633.00		67,633.00	10,223.46		77,856.46
6/1/32	67,633.00		67,633.00	10,223.46		77,856.46
9/1/32	67,633.00		67,633.00	10,223.46		77,856.46
12/1/32	67,633.00		67,633.00	10,223.46		77,856.46
3/1/33	67,633.00		67,633.00	10,223.46		77,856.46
6/1/33	67,633.00		67,633.00	10,223.46		77,856.46
9/1/33	67,633.00		67,633.00	10,223.46		77,856.46
12/1/33	67,633.00		67,633.00	10,223.46		77,856.46
3/1/34	67,633.00		67,633.00	10,223.46		77,856.46
6/1/34	67,633.00		67,633.00	10,223.46		77,856.46
9/1/34	67,633.00		67,633.00	10,223.46		77,856.46
12/1/34	67,633.00		67,633.00	10,223.46		77,856.46
3/1/35	67,633.00		67,633.00	10,223.46		77,856.46
6/1/35	67,633.00		67,633.00	10,223.46		77,856.46
9/1/35	67,633.00		67,633.00	10,223.46		77,856.46

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of White Sulphur Springs

DWTRF

$8,000,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Total Payments*
12/1/35	67,633.00		67,633.00	10,223.46		77,856.46
3/1/36	67,633.00		67,633.00	10,223.46		77,856.46
6/1/36	67,633.00		67,633.00	10,223.46		77,856.46
9/1/36	67,633.00		67,633.00	10,223.46		77,856.46
12/1/36	67,633.00		67,633.00	10,223.46		77,856.46
3/1/37	67,633.00		67,633.00	10,223.46		77,856.46
6/1/37	67,633.00		67,633.00	10,223.46		77,856.46
9/1/37	67,633.00		67,633.00	10,223.46		77,856.46
12/1/37	67,633.00		67,633.00	10,223.46		77,856.46
3/1/38	67,633.00		67,633.00	10,223.46		77,856.46
6/1/38	67,633.00		67,633.00	10,223.46		77,856.46
9/1/38	67,633.00		67,633.00	10,223.46		77,856.46
12/1/38	67,633.00		67,633.00	10,223.46		77,856.46
3/1/39	67,633.00		67,633.00	10,223.46		77,856.46
6/1/39	67,633.00		67,633.00	10,223.46		77,856.46
9/1/39	67,633.00		67,633.00	10,223.46		77,856.46
12/1/39	67,633.00		67,633.00	10,223.46		77,856.46
3/1/40	67,633.00		67,633.00	10,223.46		77,856.46
6/1/40	67,633.00		67,633.00	10,223.46		77,856.46
9/1/40	67,633.00		67,633.00	10,223.46		77,856.46
12/1/40	67,633.00		67,633.00	10,223.46		77,856.46
3/1/41	67,633.00		67,633.00	10,223.46		77,856.46
6/1/41	67,633.00		67,633.00	10,223.46		77,856.46
9/1/41	67,633.00		67,633.00	10,223.46		77,856.46
12/1/41	67,633.00		67,633.00	10,223.46		77,856.46
3/1/42	67,633.00		67,633.00	10,223.46		77,856.46
6/1/42	67,633.00		67,633.00	10,223.46		77,856.46
9/1/42	67,634.00		67,634.00	10,223.46		77,857.46
	8,000,000.00		**8,000,000.00**	**1,226,815.72**	**270,536.00**	**9,497,351.72**

Notes:

9/1/2012 through 8/1/2013 Monthly Payment to MBC of $18,540.88*

9/1/2013 through 8/1/2022 Monthly Payment to MBC of $28,206.96*

9/1/2022 through 8/1/2042 Monthly Payment to MBC of $25,952.49*

*Calculated based on maximum quarterly payment during time period rounded up monthly to the nearest cent.

Admin Fee calculated quarterly based on outstanding bond value paid in equal quarterly payments.

Reserve Fund requirement based on maximum annual debt service funded-up over 40 quarterly payments.

P.S.C. W. Va. No. 13
Canceling P.S.C. W. Va. No. 12

CITY OF WHITE SULPHUR SPRINGS, a municipal utility

OF

WHITE SULPHUR SPRINGS, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

At White Sulphur Springs and vicinity, Greenbrier County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

Issued June 8, 2010

Effective for service rendered on or after June 4, 2010
or as otherwise provided herein

Passed by City Council

Issued by City of White Sulphur Springs

By Delia Fogus

Mayor
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

(C) APPLICABILITY

Service in the entire territory.

(C) AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(N) RATES

Commencing upon approval by the West Virginia Public Service Commission:

(C,D) MINIMUM CUSTOMER CHARGE

Each water customer shall pay a minimum customer charge of Nineteen Dollars and Seventy-eight cents ($19.78) per month for 2,000 gallons usage at a rate of Nine Dollars and Eighty-nine cents ($9.89) per 1,000 gallons on all usage thereafter.

(C,I) VOLUME CHARGE

Each water customer shall pay Nine Dollars and Eighty-Nine cents ($9.89) per 1,000 gallons for usage per month above the minimum customer charge for 2,000 gallons usage.

(O)

CONNECTION CHARGE

A fee of Three Hundred Dollars ($300.00) will be charged for each new connection to the system, which is an increase from the current fee of Two Hundred Fifty Dollars ($250.00).

RECONNECTION CHARGE

The reconnection charge shall be increased from ten dollars ($10.00) to twenty dollars ($20.00).

(C) Indicates change in text
(N) Indicates new
(D) Indicates decrease in rates
(I) Indicates increase in rates
(O) Indicates omission

LATE PAYMENT PENALTY

The above schedule is set on all current usage billings not paid in full by the latest pay date, which shall be no sooner than the twentieth day of the month, ten percent (10%) shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(N) DELAYED PAYMENT PENALTY

The above schedule is set on all current usage billings not paid in full by the latest pay date, which shall be no sooner than the twentieth day of the month, ten percent (10%) shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(N) Indicates new

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
FAX: (304) 340-0325

May 28, 2010

RECEIVED
2010 MAY 28 PM 2 14
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Ms. Linda J. Coleman-Barker
Financial & Water/Sewer Secretary
City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986

ORDW White Sulphur 10A

Re: RFA 10-36/W
City of White Sulphur Springs's
Water Rate Ordinance

Dear Ms. Coleman-Barker:

The City of White Sulphur Springs's (City) water rate ordinance adopted on April 20, 2010, and filed with the Public Service Commission (Commission) on April 27, 2010, has been referred by the Commission's Executive Secretary to the Commission's Legal Division for review. This letter will also confirm the Commission's receipt of the additional water rate ordinance information filed by the City on May 24, 2010.

Based upon my review of the City's water rate ordinance information, the City has complied with the appropriate West Virginia Code requirements and has met all of the other requirements under Rules 22.1 - 22.5 of the Commission's Rules for the Construction and Filing of Tariffs (C.S.R. §150-2-22).

In conclusion, the City's adopted water rate ordinance was held by the Commission's Executive Secretary until the expiration of the statutory thirty (30) day protest period. This protest period started from the City's adoption date of April 20, 2010, and ended on May 20, 2010.

Based upon my review of the Commission's files, there have been no protests filed against the City's water rate ordinance. Therefore, the City's adopted water rate ordinance will be forwarded to the Commission's Tariff Officer, Ms. Vickie Priddy, for processing. These new rates would become effective on and after June 4, 2010, (45 days following the adoption date of April 20, 2010) based upon state law. If you should have any questions, please do not hesitate to contact me at your convenience.

Sincerely,

Ronald E. Robertson, Jr.

RONALD E. ROBERTSON, JR.
Staff Attorney
(304)340-0336
State Bar I.D. No. 4658

RER/s

cc: Sandra Squire, Executive Secretary
Caryn Watson Short, Director, Legal Division
Vickie Priddy, Tariff Officer

H:\RROBERTSON\whitesulphurspringsw3.ord.wpd

STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Joe Manchin III
Governor

Patsy A. Hardy, FACHE, MSN, MBA
Cabinet Secretary

July 13, 2010

The Honorable Debra Fogus
Mayor, City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986

RE: DWTRF Binding Commitment Letter
City of White Sulphur Springs
IJDC Project No.: **2008W-1021**
SRF Project No.: **10DWTRFA002**
Greenbrier County

Dear Mayor Fogus:

The Bureau for Public Health (Bureau) provides this contingent binding offer for a loan of approximately **$8,000,000** and a **$4,252,750 Principal Forgiveness** loan for the City of White Sulphur Springs (City) proposed project that will include an approximate 8 mile water line extension, upgrades to the water treatment plant, and the installation of a smart metering system. The treatment plant will be upgraded from its current capacity of 700 GPM to 1,200 GPM and all the equipment and materials will be included in this project. This binding offer is contingent upon receipt of federal funding for the Drinking Water State Revolving Fund 2010 Appropriations from the U. S. Environmental Protection Agency as granted to the Bureau for utilization in its Drinking Water Treatment Revolving Fund (DWTRF).

The loans will be subject to the terms set forth on **"Schedule A"** attached hereto and incorporated herein by reference. The final loan amount will be established after the City has received bids for the project. The loan agreement will be between the City and West Virginia Water Development Authority (WDA), who is the administrator of the DWTRF, acting on behalf of the Bureau.

This loan commitment is contingent upon the City meeting the following:

a. Bidding the project by **December 31, 2010**.
b. Closing the loan by **April 30, 2011**.

350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713
Telephone: (304) 558-2981

If the City becomes aware that it will not be able to comply with the milestones listed above, they should immediately notify the Bureau of this fact and the circumstances which have caused this non-compliance. If the milestones are not met, funding may revert to standard DWTRF terms of financing.

If you have any questions regarding this loan commitment, please contact me at (304) 558-6749 or email robert.w.decrease@wv.gov.

Very truly yours,

Robert W. DeCrease, P.E., Manager
Infrastructure & Capacity Development
Environmental Engineering Division

RWD:bms

Enclosures

pc: Paul Ghosh, P.E., Ghosh Engineers Inc.
Chris Jarrett, WDA
Samme L. Gee, Esquire, Jackson & Kelly
OEHS Beckley District Office
Steve Hunter, Attorney

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return them both to Robert DeCrease, 350 Capitol Street, Room 313, Charleston, WV 25301-3713.

City of White Sulphur Springs Acceptance of Binding Commitment Term:

By: _____

Title: _____

Date: _____

WEST VIRGINIA BUREAU FOR PUBLIC HEALTH
DRINKING WATER TREATMENT REVOLVING FUND

(Binding Commitment)

"SCHEDULE A"

July 13, 2010

A. PROJECT:

City of White Sulphur Springs
Water Treatment Plant, Distribution System Upgrades, and Smart Meters
Greenbrier County
IJDC No.: **2008W-1021**
DWTRF No.: **10DWTRFA002**

B. DRINKING WATER TREATMENT REVOLVING FUND:

Loan A

(DWTRF Principal Forgiveness)	$ 4,252,750
Terms:	Principal Forgiveness
Maturity Date:	10 years
Special Conditions:	No annual debt service payment (Principal Forgiveness for this loan)

Loan B

(DWTRF Base Program):	$ 8,000,000
Terms:	0%
Maturity Date:	30 years
Administration Fee:	1% (Paid evenly over 30 years)
Special Conditions:	Annual debt service payment is estimated to be **$309,000** plus reserve requirement.

NOTE 1: Final loan amount will be determined upon receipt of contract bids.

C. OTHER FUNDING SOURCES: None

D. TOTAL PROJECT COST: **$12,252,750**

E. PROPOSED USER RATES: Post-project user rates must be at least **$33.37** monthly rate for 4,000 gallons to be eligible for debt forgiveness. Proposed post-project rate is $39.56.

CITY OF WHITE SULPHUR SPRINGS **2.6**
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

BOND ORDINANCE

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CITY OF WHITE SULPHUR SPRINGS

ORDINANCE AUTHORIZING THE PAYMENT OF THE WATER DESIGN REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM) OF THE CITY OF WHITE SULPHUR SPRINGS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE CITY OF WHITE SULPHUR SPRINGS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF WHITE SULPHUR SPRINGS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 16, Article 13C of the 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 City of White Sulphur Springs (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of renovations, upgrades and replacements to the water treatment plant and the water distribution lines and adding a new metering system (collectively, the "Project"), which constitute properties necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system (the existing public waterworks 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 has heretofore issued its Water Design Bonds, Series 2009 A (West Virginia DWTRF Program), dated June 12, 2009, in the original principal amount of $625,000 (the "Series 2009 A Bonds"), to temporarily finance a portion of the costs of design of the Project. The Series 2009 A Bonds are secured by a shared first lien on the Gross Revenues of the System. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of and all accrued interest on the Series 2009 A Bonds in full with proceeds of the Series 2011 Bonds, as hereinafter defined, on the date of issuance thereof. 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 Drinking Water Treatment Revolving Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $14,000,000 in two series (collectively, the "Series 2011 Bonds"), being the Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than $5,000,000 (the "Series 2011 A Bonds"), and the Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than $9,000,000 (the "Series 2011 B Bonds"), 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; interest upon the Series 2011 Bonds prior to and during acquisition or construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (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 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 2011 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2011 A Bonds and Series 2011 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), the loan agreement in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. With the payment of the Series 2009 A Bonds, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 Bonds as to liens, pledge and source of and security for payment, being the Water Refunding Revenue Bonds, Series 2003 A, dated October 15, 2003, issued in the original aggregate principal amount of $929,000 (the "Prior Bonds").

The Series 2011 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2011 Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met. No consent is required from the Registered Owners of the Prior Bonds. Following the payment of the Series 2009 A Bonds and other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the

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 Operating Expenses of the System, the principal of and interest, if any, on the Series 2011 Bonds and all funds and accounts and other payments provided for herein and in the Prior Ordinance.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and the issuance of the Series 2011 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Infrastructure Council and obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 Bonds.

J. 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 2011 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2011 Bonds, 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 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2011 Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH under the Act.

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

"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.

"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.

"Bonds" means, collectively, the Series 2011 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any other agency, board or department of the State that succeeds the function of the BPH.

"Closing Date" means the date upon which there is an exchange of the Series 2011 Bonds for all or a portion of the proceeds of the Series 2011 Bonds from the Authority.

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

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

"Consulting Engineers" means Ghosh 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

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 1.02 D hereof to be a part of the costs of acquisition and construction of the Project.

"Cross Cutter Authorities" means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

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

"DWTRF Regulations" means the regulations for the West Virginia DWTRF Program set forth in Title 64, Part 49 of the West Virginia Code of State Regulations.

"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" do 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

of its business and affairs.

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on or Loan Agreements behalf of the BPH, providing for the purchase of the Series 2011 A Bonds and the Series 2011 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2011 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2011 Bonds Reserve Accounts.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the Administrative Fee, fees and expenses of the Authority, the BPH, 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 and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond canceled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond 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, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2011 Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2003 A, dated October 15, 2003, issued in the original principal amount of $929,000.

"Prior Ordinance" means, collectively, the ordinance of the Issuer enacted October 14, 2003, and the Supplemental Resolution of the Issuer adopted October 14, 2003.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project.

"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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 Clerk or the Recorder of the Issuer.

"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.

"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 Ordinance and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2011 Bonds and the Prior Bonds.

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

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

"Series 2009 A Bonds" means the Issuer's Water Design Revenue Bonds, Series 2009 A (West Virginia DWTRF Program), dated June 12, 2009, issued in the original principal amount of $625,000.

"Series 2011 Bonds" means, collectively, the Series 2011 A Bonds and the Series 2011 B Bonds.

"Series 2011 Bonds Construction Trust Fund" means the Series 2011 Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2011 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 2011 A Bonds in the then current or any succeeding year.

"Series 2011 A Bonds Sinking Fund" means the Series 2011 A Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2011 B Bonds" means the Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2011 B Bonds Reserve Account" means the Series 2011 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2011 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 2011 B Bonds in the then current or any succeeding year.

"Series 2011 B Bonds Sinking Fund" means the Series 2011 B Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Series 2011 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2011 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2011 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2011 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 waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system and shall also 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.

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and

funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

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 PAYMENT OF THE SERIES 2009 A BONDS ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment of the Series 2009 A Bonds and Acquisition and Construction of the Project. There is hereby authorized and ordered the payment of the Series 2009 A Bonds and the acquisition and construction of the Project, at an estimated cost of $14,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the BPH and the Authority.

The cost of the Project is estimated not to exceed $14,000,000, of which approximately $5,000,000 will be obtained from proceeds of the Series 2011 A Bonds and not to exceed $9,000,000 will be obtained from proceeds of the Series 2011 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying the Series 2009 A Bonds, capitalizing interest on the Series 2011 Bonds, funding the respective Reserve Accounts for the Series 2011 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2011 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2011 Bonds of the Issuer. The Series 2011 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program)," in the principal amount of not more than $5,000,000, and "Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program)," in the principal amount of not more than $9,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 Bonds remaining after paying the Series 2009 A Bonds, funding the Reserve Accounts (if funded from Bond proceeds) and the capitalization of interest, if any, shall be deposited in or credited to the Series 2011 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2011 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2011 Bonds, 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 2011 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2011 Bonds. The Series 2011 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the

amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall have such items as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2011 Bonds shall cease to be such officer of the Issuer before the Series 2011 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2011 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2011 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 2011 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 2011 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 Registered Owner, in accepting the Series 2011 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 Registered

Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2011 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2011 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2011 Bonds or transferring the registered Series 2011 Bonds are exercised, all Series 2011 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2011 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2011 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2011 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2011 Bonds or, in the case of any proposed redemption of Series 2011 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 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, register 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 Registered Owner'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. Bonds not to be Indebtedness of the Issuer. The Series 2011 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the System as herein provided. No Registered Owner of the Series 2011 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2011 A Bonds and the Series 2011 B Bonds shall be secured equally and ratably with each other by a first lien on the Gross Revenues derived from the System on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 Bonds and the Prior Bonds and to make all other payments provided for herein and in the Prior Ordinance are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2011 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2011 Bonds 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, register and deliver the Series 2011 Bonds to the original purchasers.

Section 3.10. Form of Bonds. The text of the Series 2011 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2011, THE CITY OF WHITE SULPHUR SPRINGS, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____1, ____, as set forth on the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are 100% forgiveable as set forth in the Loan Agreement.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 201_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public waterworks 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 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____,

201_, and a Supplemental Resolution duly adopted by the Issuer on _____, 201 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1)WATER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $929,000 (THE "PRIOR BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Prior Bonds and the Series 2011 B Bonds and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2011 A Bonds Reserve Account"), and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2011 A Bonds 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 comply with the rate coverage required by the ordinance authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond, payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond; provided however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, 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 this Bond, 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 the costs of issuance hereof as 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.

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

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

IN WITNESS WHEREOF, THE CITY OF WHITE SULPHUR SPRINGS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 201_.

_____, as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2011 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BOND, SERIES 2011 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ___ day of _____, 201__, THE CITY OF WHITE SULPHUR SPRINGS, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____1, 201__, as set forth on the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated _____, 201__.

This Bond is issued (i) to pay the Series 2009 A Bonds; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements

to the existing public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public waterworks 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 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 201__, effective _____, 201__ and a Supplemental Resolution duly adopted by the Issuer on _____, 201__ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1)WATER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $929,000 (THE "PRIOR BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 201__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2011 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Prior Bonds and the Series 2011 A Bonds and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2011 B Bonds Reserve Account"), and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2011 B Bonds 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 comply with the rate coverage required by the ordinance authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient to provide for the reasonable

expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond, payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, 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 this Bond, 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 the costs of issuance hereof as 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.

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

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

IN WITNESS WHEREOF, THE CITY OF WHITE SULPHUR SPRINGS 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 as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 201__.

_____, as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation. The Series 2011 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement 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. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule setting forth the actual costs of the Project and sources of funds.

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 Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

(1) Revenue Fund (created by the Prior Ordinance);

(2) Renewal and Replacement Fund (created by the Prior Ordinance); and

(3) Series 2011 Bonds Construction Trust Fund.

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

(1) Series 2011 A Bonds Sinking Fund;

(2) Series 2011 A Bonds Reserve Account;

(3) Series 2011 B Bonds Sinking Fund; and

(4) Series 2011 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance 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, on the first day of each month, make the Prior Bonds interest payments in the manner and in accordance with the Prior Ordinance.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit, (i) for deposit in the Sinking Funds for the Prior Bonds, to the Commission, the amounts required by the Prior Ordinance for payment of principal of the Prior Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2011 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, (i) for deposit in the Reserve Accounts for the Prior Bonds, the amounts required by the Prior Ordinance; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2011 A Bonds, if not fully funded upon issuance of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2011 B Bonds, if not fully funded upon issuance of the Series 2011 B Bonds, for deposit in the Series 2011 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 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 2011 B Bonds Reserve Requirement.

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

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

Moneys in the Series 2011 A Bonds Sinking Fund and the Series 2011 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2011 A Bonds and the Series 2011 B Bonds, respectively, as the same shall become due. Moneys in the Series 2011 A Bonds Reserve Account and the Series 2011 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2011 A Bonds and the Series 2011 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2011 A Bonds Sinking Fund and the Series 2011 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2011 A Bonds Sinking Fund, the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 Bonds Construction Trust Fund, and, following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 A Bonds and the Series 2011 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2011 A Bonds Reserve Account or the Series 2011 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement

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

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Sinking Fund, the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund or the Series 2011 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2011 A Bonds and the Series 2011 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, 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 2011 A Bonds and the Series 2011 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 2011 A Bonds Sinking Fund, the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2011 A Bonds Sinking Fund, the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Sinking Fund, the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds and the Series 2011 B Bonds, respectively, under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required 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 Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2011 A Bonds.

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

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds. From the moneys received from the sale of the Series 2011 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 2011 B Bonds, there shall first be deposited with the Commission in the Series 2011 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2011 B Bonds, there shall be deposited with the Commission in the Series 2011 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2011 B Bonds Reserve Account.

E. Next, from the proceeds of the Series 2011 B Bonds, there shall be deposited with the Commission, together with other funds of, or available to, the Issuer, the amount set forth in the Supplemental Resolution for paying in full the entire outstanding principal of and all interest and administrative fees on the Prior Bonds.

F. Next, from the proceeds of the Series 2011 B Bonds, there shall be paid to the Commission, the amount set forth in the Supplemental Resolution for paying in full the entire outstanding principal of and all accrued interest on the Series 2009 A Bonds.

G. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2011 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 A Bonds.

H. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2011 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2011 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and until so expended are hereby pledged as additional security for the Series 2011 B Bonds.

I. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2011 A Bonds and the Series 2011 B Bonds shall be expended as approved by the BPH.

Section 6.02. Disbursements From Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the BPH and the Authority a report listing the specific purposes for which the proceeds of the Series 2011 A Bonds and the Series 2011 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2011 A Bonds and the Series 2011 B Bonds from the Series 2011 Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the Issuer's 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 2011 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2011 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2011 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2011 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2011 A Bonds and the Series 2011 B Bonds shall be secured equally and ratably with each other by a first lien on the Gross Revenues derived from the System on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided herein and in the Prior Ordinance are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided herein and in the Prior Ordinance.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer duly enacted on April 20, 2010.

So long as the Series 2011 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2011 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided in the Prior Ordinance. So long as the Series 2011 Bonds are outstanding and except as otherwise required by law or with the written consent of the BPH 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 then 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 2011 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the BPH and the Authority, or in the event the Authority is no longer a Registered Owner, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2011 Bonds. Any balance remaining after the payment of the Series 2011 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Registered Owners, 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 Registered Owners 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 2011 Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2011 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2011 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 Bonds.

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 any Bonds outstanding, or both such purposes.

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the 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, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Bonds and the Registered Owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Parity Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System, and their source of and security for payment from such 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 2011 Bonds 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 2011 Bonds.

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

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

and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2011 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 PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Issuer shall direct.

The Issuer shall file with the Authority and the BPH, or any Registered Owner of the Series 2011 Bonds, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by the Independent Certified Public Accountant (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary

summary thereof, to any Registered Owner of the Series 2011 Bonds and shall submit said report to the Authority and the BPH, or any Registered Owner of the Series 2011 Bonds. Such audit report submitted to the Authority and the BPH shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Gross Revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement for the Series 2011 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2011 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule

of rates or charges from time to time in effect shall be sufficient to comply with the rate coverage required by the ordinance authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to provide for 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 Series 2011 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2011 A Bonds Reserve Account, the Series 2011 B Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2011 Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest, if any, on the Series 2011 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 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 BPH within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 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 BPH and any Registered Owner of the Series 2011 Bonds and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the BPH and any Registered Owner of the Series 2011 Bonds or anyone acting for and on behalf of such Registered Owner.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the

Loan Agreement, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and State laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC 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 20 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 PSC, 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 PSC, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, 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 2011 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the

System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the 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 the Project in compliance with West Virginia Code, Section 38-2-39.

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the

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 BPH. 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. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC 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 Series 2011 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 BPH with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations, regulations, the applicable Cross Cutter Authorities and all applicable local ordinances issued by the Authority, the BPH or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2011 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 delivery of the Series 2011 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

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 2011 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2011 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the Series 2011 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENTS

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 2011 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2011 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2011 Bonds as a condition to issuance of the Series 2011 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2011 Bonds as may be necessary in order to maintain the status of the Series 2011

Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2011 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the BPH, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2011 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2011 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2011 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Authority, the Depository Bank, the Registrar, the Paying Agent or the Registered Owner of the Series 2011 Bonds; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2011 Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act, the Loan Agreement 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 Series 2011 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 Series 2011 Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Series 2011 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2011 Bonds shall be on a parity with the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2011 Bonds 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, 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, any Registered Owner 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 the System and shall hold, operate and maintain, manage and control the System, 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 the System 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 the Registered Owners and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and

the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2011 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other 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 2011 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2011 Bonds 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 2011 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2011 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2011 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2011 Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owners thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2011 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2011 Bonds from gross income of the Registered Owners 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 2011 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided

that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. [Reserved]

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit A attached hereto and incorporated herein by reference, 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 West Virginia Daily News, a newspaper of general circulation in The City of White Sulphur Springs, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2011 Bonds, 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 as set forth in Exhibit A 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 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading:	March 14, 2011
Passed on Second Reading:	March 21, 2011
Passed on Final Reading Following Public Hearing:	April 11, 2011

Delia Fogus
Mayor

EXHIBIT A

CITY OF WHITE SULPHUR SPRINGS

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2011, the Council of the City of White Sulphur Springs (the "Issuer"), adopted an ordinance which, among other things:

1. Authorized payment of the Series 2009 A Bonds and the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $5,000,000 in aggregate principal amount of Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) and not more than $9,000,000 in aggregate principal amount of Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program) (collectively, the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the respective Loan Agreements for the Bonds; authorized the execution and delivery of the Loan Agreements.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of the respective sinking funds, reserve accounts, a renewal and replacement fund and a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues of the System; pledged the Gross Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Gross Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Established the events of default and the remedies of the registered owners of the Bonds; provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of White Sulphur Springs at a _____ meeting on _____, 2011, at ____:00 p.m., in the Council Chambers, City Hall, 34 West Main Street, White Sulphur Springs, 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 as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the City Hall.

_____
Recorder

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE CITY OF WHITE SULPHUR SPRINGS WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM); AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the City of White Sulphur Springs (the "Issuer") has duly and officially adopted a Bond Ordinance on March 21, 2011, effective April 11, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE WATER DESIGN REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM) OF THE CITY OF WHITE SULPHUR SPRINGS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE CITY OF WHITE SULPHUR SPRINGS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF

PROGRAM) AND NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) and Series 2011 B (West Virginia DWTRF Program), of the Issuer, in the respective aggregate principal amounts not to exceed $5,000,000 and $9,000,000 (collectively, the "Bonds" and individually, the "Series 2011 A Bonds" and "Series 2011 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 2011 A Bonds and Series 2011 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, dates, maturity dates, interest rates, payment schedules, sale prices and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WHITE SULPHUR SPRINGS, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in the West Virginia Daily News, a qualified newspaper published and of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and the Notice for the public hearing at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, City Hall, White Sulphur Springs, West Virginia, on April 11, 2011, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

(A) Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original principal amount of $4,252,750. The Series 2011 A Bonds shall be dated the date of delivery, shall finally mature September 1, 2022, and shall bear no interest. The principal of the Series 2011 A Bonds shall be payable by forgiveness of principal on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2011 A Bonds. The Series 2011 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2011 A Bonds.

(B) Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the original principal amount of $8,000,000. The Series 2011 B Bonds shall be dated the date of delivery, shall finally mature September 1, 2042, and shall bear no interest. The principal of the Series 2011 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2011 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2011 B Bonds as set forth in the "Schedule Y" attached to the Loan Agreement. The Series 2011 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2011 B Bonds.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 4. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, 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 BPH, the Infrastructure Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer hereby appoints and designates First National Bank, Ronceverte, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2011 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2011 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Reserve Account.

Section 10. Series 2011 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 B Bonds Sinking Fund as capitalized interest.

Section 11. Series 2011 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 B Bonds Reserve Account.

Section 12. The Issuer hereby authorizes the payment of its Water Design Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) (the "Series 2009 A Bonds") from the proceeds of the Series 2011 B Bonds. The Issuer shall pay the sum of $569,442.09 from the proceeds of the Series 2011 B Bonds to pay in full the outstanding balance of the Series 2009 A Bonds to the West Virginia Water Development Authority as registered owner of the Series 2009 A Bonds.

Section 13. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2011 Bonds Construction Trust Fund, as received from time to time for payment of costs of the Project, including costs of issuance of the Bonds.

Section 14. 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 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 11, 2011.

Section 15. The acquisition and construction of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond 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 invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2011 A Bonds Sinking Fund, the Series 2011 B Bonds Sinking Fund, the Series 2011 A Bonds Reserve Account and the Series 2011 B Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 18. The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the

Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 19. The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 20. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 21. The Issuer hereby authorizes the sweeping of its revenue account by the Municipal Bond Commission each month for the Series 2011 B Bonds Sinking Fund and the Series 2011 B Bonds Reserve Account.

Section 22. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 11th day of April, 2011.

Debra Fogus
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of White Sulphur Springs on the 11th day of April, 2011.

Dated this 14th day of April, 2011.

[SEAL]

Recorder

City of White Sulphur Springs

Council Meeting

Date: 3/14/2011

I.	Call To Order	Mayor Fogus called the meeting to order at 7:00 pm
II.	Roll Call	Those members in attendance were the following: Mayor Debra Fogus. Recorder Thomas D. Taylor. Councilpersons- Peggy Bland, Bruce Bowling, Chris Hanna, Lloyd Haynes, and Lynn Swann.
III.	Approval Of Minutes	Councilperson Swann made a motion to approve the minutes. Councilperson Haynes seconded the motion. All in favor motion carried.
*	Financial Statements	General Fund - $870,201.66 Expenditures - $936,377.98 Balance - $ -66,176.32
		Water Fund - $718,768,04 Expenditures - $527,958.15 Balance - $190,809.89
		Sewer Fund - $644,672.74 Expenditures - $642,973.04 Balance - $1,699.70
		Financial Statements Approved: Councilperson Hanna made a motion to approve the financial statements and the payment of the bills. Recorder Taylor seconded the motion. All in favor motion

		carried.

IV.	Standing Committee Reports A. Sanitary & Water Board By: Mayor Debra Fogus B. Planning & Zoning By: Bruce Bowling C. Parks & Recreation By: Chris Hanna D. Recycle & Beautification By: Lloyd Haynes E. Emergency Services By: Peggy Bland F. Streets By: Thomas Taylor G. Convention & Visitors: Lynn Swan	(A) Mayor Fogus reported-Sanitary- Mayor Fogus reported that they made payment requisition # 18 totaling $454,288.57 which is for February 2011, all of the plant equipment is in operation at this time, both clarifiers, and chlorine contact tanks are in service. One digester is in service, the other is available for service. The centrifuge is in service and four truckloads of sludge have been taken to the landfill. Some money was paid to Ghosh engineers for basic engineering, Resident Inspection Services, Region 4 Intergovernmental Council $2200.00 out of the TIF fund for administrative financial services. $3500.00 was paid to Steve Hunter for legal services. Imre Pentek our accountant received $5,968.34 which will be Paid from the TIF fund. The City of White Sulphur Springs Sanitary Board was reimbursed $19,433.93 from the TIF bonds for tools, and supplies from BJW. Water- is moving right along we will have the first reading on it tonight. (B) NO REPORT (C) Stephen Gustard, Executive Chef-Greenbrier Sporting Club, presented the council with a proposal to make a community garden at old mill park. Councilperson Hanna made a motion to approve of Main Street taking preparing a community garden, Councilperson Swann Seconded the motion. All in favor motion carried.

		(D) Councilperson Haynes stated that the City will pick up appliances, TV's, and computers to take to the landfill the second and fourth Wednesday of each month. (E) Reports are attached to these minutes. (F) NO REPORT (G)Councilperson Swann reported that the 2011 business guide is available. The CVB is in the process of hiring a Sales Marketing coordinator to get our sales group effort back on track and to assist their marketing and public relations efforts. The Spirit of Tourism Awards nominations are being accepted through April 15th. Awards will be given out on May 10th 2011, during National Tourism Week.
V.	Officer Report(s) a. Police Chief-James Hylton b. Fire Chief-Paul Fogus c. Maintenance Sup.-Randy Pickering	a. Report is attached to these minutes b. Report is attached to these minutes. c. Maintenance Supervisor, Randy Pic kering reported routine tasks.
VI.	Special Reports a. Tri-Cities Power Auth. b. Main St. Revitalization	A.No Report B. Sadie Fraley reported that the 5th annual Dandelion Festival will be held in May. Main Street would like to reserve Memorial Park on Saturday May 28th for a Car Show. There will be a stream cleanup sometime in April. Third Thursday will be held at Bruce Bowling's Buildings On Rt. 92.
VII.	Citizen Comments	a. NONE
VIII.	Resolutions / Proclamations	a. NONE

IX.	Ordinances / Policies	A. (a.) Ordinance- Consideration On First Reading Of A Bond Ordinance Authorizing Up TO $14,000,000 In Water Revenue Bonds To Repay The Water Design Revenue Bonds, Series 2009 A And To Finance The Acquisition And Construction Of Certain Additions, Betterments and Improvements To The Existing Public Waterworks System Of The City – 1st Reading (b.) Others Matters Related Thereto. Councilperson Swann made a motion to approve the Water Bond Ordinance 1st Reading. Councilperson Bowling Seconded the motion. All in Favor motion carried.
X.	Unfinished Business	A. Main Street Parking- Recorder Taylor submitted a letter to the council about the parking issue on Main Street. The letter will be given to all Businesses on Main Street to inform them of the 2 hour parking limit.
XI.	New Business	A. Budget Revisions-2010/2011 Budget- Councilperson Hanna made a motion to approve the Budget Revisions in the amount of $54,191.00 Councilperson Swann seconded the motion. All in favor motion carried. A. Budget-Fiscal Year-2011 -2012- Councilperson Bowling made a motion to approve the 2011-2012 Budget1,487,355.00 Councilperson Hanna seconded the motion. All in favor motion carried . B. Mountaineer Gas- Fencing on City Lot beside

		Regulator Building –Tuckahoe Rd. Councilperson Bland made a motion to approve Mountaineer Gas putting a fence around a portion of City property with the agreement of landscaping and shrubbery. Motion dies due to lack of second. C. Grant Underwriter-Mayor Fogus made a motion approve Doug Hylton as the Grant Underwriter for the city of White Sulphur Springs for the amount of $4000.00 annually. Councilperson Swann seconded the motion. All in favor motion carried. D. Countdown Clock- Place at City Hall for PGA. Councilperson Bland made a motion to approve The countdown clock for the PGA. Councilperson Haynes seconded the motion. All in favor motion carried.
	Misc. Remarks	**Thursday, March 17, 2011. **Remember Your Green **Sunday, March 20th –Spring Begins ** "Happy Spring"
XIII.	Adjournment	Recorder Taylor made a motion to adjourn at 7:55 PM. Councilperson Bland seconded the motion. All in favor motion carried.
***	Exec. Session	a. None

Debra Fogus

Debra Jo Fogus
Mayor

Thomas D. Taylor
Recorder

City of White Sulphur Springs

MARCH 21ST, 2011

ORDINANCE AUTHORIZING THE PAYMENT OF THE WATERDESIGN REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM) OF THE CITY OF WHITE SULPHUR SPRINGS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS BETTERMENTS AND IMPROVEMENTS TO THE EXSISTING PUBLIC WATERWORKS SYSTEM OF THE CITY OF WHITE SULPHUR SPRINGS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED , THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING,RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Mayor Fogus called the meeting to order at 5:15 pm. Members in attendance were: Mayor Debra Fogus, Recorder Thomas D. Taylor, and Councilpersons Peggy Bland, Bruce Bowling, Chris Hanna, Lloyd Haynes, and, Lynn Swann.

Councilperson Hanna made a motion to adopt the Water Bond Ordinance 2nd reading. Councilperson Bowling seconded the motion. All in favor motion carried.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITE SULPHUR SPRINGS APPROVING THE INVOICES RLATING TO THE REPAYMENT OF THE WATER BONDS SERIES 2009 AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF THE CITY AND AUTHORIZING PAYMENT THEREOF.

Councilperson Swann made a motion to approve Resolution #1. Councilperson Hanna seconded the motion. All in favor motion carried.

Mountaineer Gas- Fencing next to regulator building on Tuckahoe Rd. Councilperson Bland made a motion to approve the fencing to be placed around the city owned lot on Tuckahoe Rd. Councilperson Haynes seconded the motion. Motion dies due to lack of vote.

Mayor Fogus Adjourned the meeting at 6:00 pm

Debra Fogus

Mayor Debra J. Fogus

Recorder Thomas D. Taylor

THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

MINUTES ON ADOPTION OF BOND
ORDINANCE AND SUPPLEMENTAL RESOLUTION

On this 14th day of April, 2011, the undersigned duly elected Recorder of the City of White Sulphur Springs hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the City Council:

*** *** ***

The City Council of the City of White Sulphur Springs met in a regular meeting, pursuant to notice duly posted, on the 11th day of April, 2011, in White Sulphur Springs, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Debbie Fogus	-	Mayor
	Lynn Swann	-	Council Member
	Chris Hanna	-	Council Member
	Peggy Bland	-	Council Member
	Lloyd Haynes	-	Council Member
	Bruce Bowling	-	Council Member
	Thomas Taylor	-	Recorder

ABSENT:

Debbie Fogus, Mayor, presided, and Thomas Taylor was Recorder. The Mayor announced that a quorum of Council members was present and that the meeting was open for any business properly before it.

*** *** ***

He stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

> ORDINANCE AUTHORIZING THE PAYMENT OF THE WATER DESIGN REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA DWTRF PROGRAM) OF THE CITY OF WHITE SULPHUR SPRINGS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE CITY OF WHITE SULPHUR SPRINGS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Bond Ordinance be enacted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

> SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE

AND OTHER TERMS OF THE CITY OF WHITE SULPHUR SPRINGS WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

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

Delia Fogues
Mayor

Recorder

CERTIFICATION

I hereby certify that the foregoing action of the CITY OF WHITE SULPHUR SPRINGS remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature as of the date first written above.

Recorder

The West Virginia Daily News
PO Box 471
Lewisburg, WV 24901
PHONE: (304) 645-1206

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF GREENBRIER,
TO WIT:

I, Louise Bassett.
one of the editors of The West Virginia Daily News, a daily newspaper of general circulation published at Lewisburg, West Virginia, in the County of Greenbrier, State of West Virginia, do certify that publication of the advertisement or advertisements attached hereto was made in two (2) issues of said newspaper, dated

31 Mar. 2011
7 April 2011

Given under my hand this 7th day of April, 2011

Louise Bassett
Editor or Publisher

Subscribed and sworn to before me this 7th day of April, 2011
My commission expires Sept 11 2020.
Judy Steele, Notary Public
Publication Fee: $ 119.44

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JUDY STEELE
200 S. COURT STREET
LEWISBURG, WEST VIRGINIA 24901
MY COMMISSION EXPIRES SEPTEMBER 11, 2020

CITY OF WHITE SULPHUR SPRINGS NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on March 21, 2011, the council of the city of White Sulphur Springs (the "Issuer") adopted an ordinance which, among other things:

1. Authorized payment of the Series 2009 A Bonds and the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $5,000,000 in aggregate principal amount of Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) and not more than $9,000,000 in aggregate principal amount of Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program) (collectively, the "Bonds").

2. Directed that the bonds be issued in such principal amounts, bear interest, if any at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the respective loan agreements for the bonds; authorized the execution and delivery of the loan agreements.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the system; provided for the payment of operating expenses of the system and debt service on the bonds; directed the creation of the respective sinking funds, reserve accounts, a renewal and replacement fund and a bond construction trust fund and the disbursement of bond proceeds.

4. Provided that the bonds shall not be or constitute an indebtedness of the issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the gross revenues of the system; pledged the gross revenues of the system to payment of the bonds and established the rights of the registered owners of the bonds to the gross revenues of the system; provided certain conditions for the issuance of additional

bonds.

5. Established the events of default and the remedies of the registered owners of the bonds; provided for the modification or amendment of the ordinance upon the terms and conditions set forth in the ordinance.

The issuer contemplates the issuance of the bonds described in and under the conditions set forth in the ordinance abstracted above. Any person interested may appear before the council of the city of White Sulphur Springs at a regular meeting on April 11, 2011, at 7:00 PM in the Council Chambers, City Hall, 34 West Main Street, White Sulphur Springs, 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 as adopted by the council is on file with the recorder for review by interested persons during the office hours of the city hall.

/s/ Thomas Taylor
Recorder
(31mr,7ap)

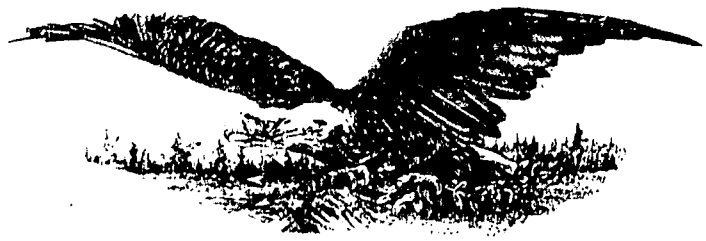
(31mr,7ap)

JULY 1, 2011 - JUNE 30, 2012
CITY - BUDGET DOCUMENT

VIRGINIA

as amended, the Council proceeded to
sary to be raised by levy of taxes for the
and estimate the several amounts to be
at will become due and collectible from
LUDING THE LEVY OF TAXES, is as follows:

Rate & Levy Tab	129,144
ne Levy Tab	44,806
ne Levy Tab	21,086
	1,800
	60,000
	58,000
	500
	400
	18,000
	30
	3,300
	3,500
	175
	10,000
	1,000
	250
	1,700



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $4,252,750

KNOW ALL MEN BY THESE PRESENTS: That on this 14th day of April, 2011, THE CITY OF WHITE SULPHUR SPRINGS, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of FOUR MILLION TWO HUNDRED FIFTY-TWO THOUSAND SEVEN HUNDRED FIFTY DOLLARS ($4,252,750), 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, 2012, as set forth on the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are 100% forgiveable as set forth in the Loan Agreement.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated April 14, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public waterworks 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 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on April 11, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 11, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1)WATER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $929,000 (THE "PRIOR BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 14, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,000,000 (THE "SERIES 2011 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Prior Bonds and the Series 2011 B Bonds and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2011 A Bonds Reserve Account"), and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2011 A Bonds 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 comply with the rate coverage required by the ordinance authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond, payable in any year and all other obligations secured by a lien on or payable from

such revenues on a parity with this Bond; provided however, that so long as there exists in the Series 2011 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, 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 this Bond, 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 the costs of issuance hereof as 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.

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

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

AR-1

IN WITNESS WHEREOF, THE CITY OF WHITE SULPHUR SPRINGS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

NUMBER

AR-1

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 14, 2011.

UNITED BANK, INC., as Registrar

SPECIMEN

Authorized Officer

AR-1

EXHIBIT A

SPECIMEN

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B
DEBT SERVICE SCHEDULE

SPECIMEN

BOND DEBT SERVICE
City of White Sulphur Springs
DWTRF
$4,252,750
10 Years

Dated Date 4/14/11
Delivery Date 4/14/11

Period Ending	Debt Service	Principal Forgiveness
12/1/12	106,319	106,319
3/1/13	106,319	106,319
6/1/13	106,319	106,319
9/1/13	106,319	106,319
12/1/13	106,319	106,319
3/1/14	106,319	106,319
6/1/14	106,319	106,319
9/1/14	106,319	106,319
12/1/14	106,319	106,319
3/1/15	106,319	106,319
6/1/15	106,319	106,319
9/1/15	106,319	106,319
12/1/15	106,319	106,319
3/1/16	106,319	106,319
6/1/16	106,319	106,319
9/1/16	106,319	106,319
12/1/16	106,319	106,319
3/1/17	106,319	106,319
6/1/17	106,319	106,319
9/1/17	106,319	106,319
12/1/17	106,319	106,319
3/1/18	106,319	106,319
6/1/18	106,319	106,319
9/1/18	106,319	106,319
12/1/18	106,319	106,319
3/1/19	106,319	106,319
6/1/19	106,319	106,319
9/1/19	106,319	106,319
12/1/19	106,319	106,319
3/1/20	106,318	106,318
6/1/20	106,318	106,318
9/1/20	106,318	106,318
12/1/20	106,318	106,318
3/1/21	106,318	106,318
6/1/21	106,318	106,318
9/1/21	106,318	106,318
12/1/21	106,318	106,318
3/1/22	106,318	106,318
6/1/22	106,318	106,318
9/1/22	106,319	106,319
	4,252,750	4,252,750

AR-1

(Form of)

ASSIGNMENT

SPECIMEN

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

_____

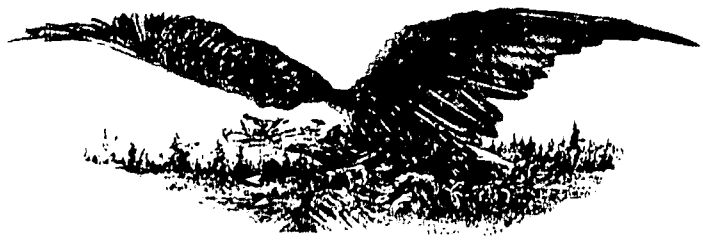
the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BOND, SERIES 2011 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $8,000,000

KNOW ALL MEN BY THESE PRESENTS: That on this 14th day of April, 2011, THE CITY OF WHITE SULPHUR SPRINGS, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier 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 EIGHT MILLION DOLLARS ($8,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, as set forth on the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 , as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated April 14, 2011.

This Bond is issued (i) to pay the Series 2009 A Bonds; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public waterworks 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 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on March 21, 2011, effective April 11, 2011 and a Supplemental Resolution duly adopted by the Issuer on April 11, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1)WATER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $929,000 (THE "PRIOR BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 14, 2011, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,252,750 (THE "SERIES 2011 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Prior Bonds and the Series 2011 A Bonds and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2011 B Bonds Reserve Account"), and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2011 B Bonds 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

comply with the rate coverage required by the ordinance authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond, payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond; provided however, that so long as there exists in the Series 2011 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, 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 this Bond, 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 the costs of issuance hereof as 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.

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

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

IN WITNESS WHEREOF, THE CITY OF WHITE SULPHUR SPRINGS 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 as of the date first written above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

SPECIMEN

NUMBER

BR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 14, 2011.

UNITED BANK, INC., as Registrar

SPECIMEN

Authorized Officer

BR-1

EXHIBIT A

SPECIMEN

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$705,966.06	April 14, 2011	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

SPECIMEN

EXHIBIT B
DEBT SERVICE SCHEDULE

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of White Sulphur Springs

DWTRF

$8,000,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Total Payments*
12/1/12	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
3/1/13	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
6/1/13	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
9/1/13	38,635.75		38,635.75	10,223.47	6,763.40	55,622.62
12/1/13	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/14	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/15	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/16	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/17	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/18	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/19	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
3/1/20	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
6/1/20	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
9/1/20	67,634.00		67,634.00	10,223.47	6,763.40	84,620.87
12/1/20	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
3/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
6/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
9/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
12/1/21	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
3/1/22	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
6/1/22	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
9/1/22	67,633.00		67,633.00	10,223.47	6,763.40	84,619.87
12/1/22	67,633.00		67,633.00	10,223.47		77,856.47
3/1/23	67,633.00		67,633.00	10,223.47		77,856.47
6/1/23	67,633.00		67,633.00	10,223.47		77,856.47
9/1/23	67,633.00		67,633.00	10,223.47		77,856.47
12/1/23	67,633.00		67,633.00	10,223.47		77,856.47
3/1/24	67,633.00		67,633.00	10,223.47		77,856.47

SPECIMEN

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of White Sulphur Springs
DWTRF
$8,000,000
0% Interest Rate
1% Administrative Fee
30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Total Payments*
6/1/24	67,633.00		67,633.00	10,223.47		77,856.47
9/1/24	67,633.00		67,633.00	10,223.47		77,856.47
12/1/24	67,633.00		67,633.00	10,223.47		77,856.47
3/1/25	67,633.00		67,633.00	10,223.47		77,856.47
6/1/25	67,633.00		67,633.00	10,223.47		77,856.47
9/1/25	67,633.00		67,633.00	10,223.47		77,856.47
12/1/25	67,633.00		67,633.00	10,223.46		77,856.46
3/1/26	67,633.00		67,633.00	10,223.46		77,856.46
6/1/26	67,633.00		67,633.00	10,223.46		77,856.46
9/1/26	67,633.00		67,633.00	10,223.46		77,856.46
12/1/26	67,633.00		67,633.00	10,223.46		77,856.46
3/1/27	67,633.00		67,633.00	10,223.46		77,856.46
6/1/27	67,633.00		67,633.00	10,223.46		77,856.46
9/1/27	67,633.00		67,633.00	10,223.46		77,856.46
12/1/27	67,633.00		67,633.00	10,223.46		77,856.46
3/1/28	67,633.00		67,633.00	10,223.46		77,856.46
6/1/28	67,633.00		67,633.00	10,223.46		77,856.46
9/1/28	67,633.00		67,633.00	10,223.46		77,856.46
12/1/28	67,633.00		67,633.00	10,223.46		77,856.46
3/1/29	67,633.00		67,633.00	10,223.46		77,856.46
6/1/29	67,633.00		67,633.00	10,223.46		77,856.46
9/1/29	67,633.00		67,633.00	10,223.46		77,856.46
12/1/29	67,633.00		67,633.00	10,223.46		77,856.46
3/1/30	67,633.00		67,633.00	10,223.46		77,856.46
6/1/30	67,633.00		67,633.00	10,223.46		77,856.46
9/1/30	67,633.00		67,633.00	10,223.46		77,856.46
12/1/30	67,633.00		67,633.00	10,223.46		77,856.46
3/1/31	67,633.00		67,633.00	10,223.46		77,856.46
6/1/31	67,633.00		67,633.00	10,223.46		77,856.46
9/1/31	67,633.00		67,633.00	10,223.46		77,856.46
12/1/31	67,633.00		67,633.00	10,223.46		77,856.46
3/1/32	67,633.00		67,633.00	10,223.46		77,856.46
6/1/32	67,633.00		67,633.00	10,223.46		77,856.46
9/1/32	67,633.00		67,633.00	10,223.46		77,856.46
12/1/32	67,633.00		67,633.00	10,223.46		77,856.46
3/1/33	67,633.00		67,633.00	10,223.46		77,856.46
6/1/33	67,633.00		67,633.00	10,223.46		77,856.46
9/1/33	67,633.00		67,633.00	10,223.46		77,856.46
12/1/33	67,633.00		67,633.00	10,223.46		77,856.46
3/1/34	67,633.00		67,633.00	10,223.46		77,856.46
6/1/34	67,633.00		67,633.00	10,223.46		77,856.46
9/1/34	67,633.00		67,633.00	10,223.46		77,856.46
12/1/34	67,633.00		67,633.00	10,223.46		77,856.46
3/1/35	67,633.00		67,633.00	10,223.46		77,856.46
6/1/35	67,633.00		67,633.00	10,223.46		77,856.46
9/1/35	67,633.00		67,633.00	10,223.46		77,856.46

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of White Sulphur Springs
DWTRF
$8,000,000
0% Interest Rate
1% Administrative Fee
30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Total Payments*
12/1/35	67,633.00		67,633.00	10,223.46		77,856.46
3/1/36	67,633.00		67,633.00	10,223.46		77,856.46
6/1/36	67,633.00		67,633.00	10,223.46		77,856.46
9/1/36	67,633.00		67,633.00	10,223.46		77,856.46
12/1/36	67,633.00		67,633.00	10,223.46		77,856.46
3/1/37	67,633.00		67,633.00	10,223.46		77,856.46
6/1/37	67,633.00		67,633.00	10,223.46		77,856.46
9/1/37	67,633.00		67,633.00	10,223.46		77,856.46
12/1/37	67,633.00		67,633.00	10,223.46		77,856.46
3/1/38	67,633.00		67,633.00	10,223.46		77,856.46
6/1/38	67,633.00		67,633.00	10,223.46		77,856.46
9/1/38	67,633.00		67,633.00	10,223.46		77,856.46
12/1/38	67,633.00		67,633.00	10,223.46		77,856.46
3/1/39	67,633.00		67,633.00	10,223.46		77,856.46
6/1/39	67,633.00		67,633.00	10,223.46		77,856.46
9/1/39	67,633.00		67,633.00	10,223.46		77,856.46
12/1/39	67,633.00		67,633.00	10,223.46		77,856.46
3/1/40	67,633.00		67,633.00	10,223.46		77,856.46
6/1/40	67,633.00		67,633.00	10,223.46		77,856.46
9/1/40	67,633.00		67,633.00	10,223.46		77,856.46
12/1/40	67,633.00		67,633.00	10,223.46		77,856.46
3/1/41	67,633.00		67,633.00	10,223.46		77,856.46
6/1/41	67,633.00		67,633.00	10,223.46		77,856.46
9/1/41	67,633.00		67,633.00	10,223.46		77,856.46
12/1/41	67,633.00		67,633.00	10,223.46		77,856.46
3/1/42	67,633.00		67,633.00	10,223.46		77,856.46
6/1/42	67,633.00		67,633.00	10,223.46		77,856.46
9/1/42	67,634.00		67,634.00	10,223.46		77,857.46
	8,000,000.00		8,000,000.00	1,226,815.72	270,536.00	9,497,351.72

Notes:

9/1/2012 through 8/1/2013 Monthly Payment to MBC of $18,540.88*

9/1/2013 through 8/1/2022 Monthly Payment to MBC of $28,206.96*

9/1/2022 through 8/1/2042 Monthly Payment to MBC of $25,952.49*

*Calculated based on maximum quarterly payment during time period rounded up monthly to the nearest cent.

Admin Fee calculated quarterly based on outstanding bond value paid in equal quarterly payments.

Reserve Fund requirement based on maximum annual debt service funded-up over 40 quarterly payments.

BR-1

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

BOND REGISTER 2.11(A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA DWTRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$4,252,750	April 14, 2011

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

United Bank, Inc.

Authorized Representative

{C1996625.1}

BOND REGISTER 2.11(B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA DWTRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$8,000,000	April 14, 2011

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

United Bank, Inc.

Authorized Representative

{C1996635.1}

THE CITY OF WHITE SULPHUR SPRINGS

ORDINANCE AUTHORIZING THE REFUNDING OF THE WATERWORKS REFUNDING REVENUE BONDS, SERIES 1993, OF THE CITY OF WHITE SULPHUR SPRINGS; THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2003 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $1,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATING THERETO; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF WHITE SULPHUR SPRINGS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation"), is enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act"), and other applicable provisions of law.

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

A. The City of White Sulphur Springs (the "City") is a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State and the City presently owns and operates a public waterworks system (the "System").

B. The acquisition and construction of the System were financed in part by the proceeds of prior bond issues of the City, of which there is presently outstanding the Waterworks Refunding Revenue Bonds, Series 1993, dated June 1, 1993, in the original aggregate principal amount of $1,486,550, of which approximately $950,000 is presently outstanding (the "Series 1993 Bonds").

C. Under the provisions of the Act, the City is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon.

D. The City has determined and hereby determines that it is in the best interest of the residents of the City and other users of the System to currently refund the Series 1993 Bonds in order to achieve interest cost savings (the "Refunding").

E. The City is advised that present value interest savings will be realized as a result of the Refunding.

F. It is deemed necessary for the City to issue its Water Refunding Revenue Bonds, Series 2003 A (the "Series 2003 A Bonds"), in the maximum total aggregate principal amount of not more than $1,000,000, to currently refund the Series 1993 Bonds and to pay costs of issuance of the Series 2003 A Bonds and related costs.

G. The Sanitary Board has petitioned the City to issue Bonds for the purposes set forth herein.

H. Upon the refunding of the Series 1993 Bonds and the issuance of the Series 2003 A Bonds, the City will have no other outstanding bonds or obligations which are payable from and secured by revenues or assets of the System.

I. It is in the best interests of the City that its Series 2003 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and conditions of the commitment letter of the Purchaser (the "Commitment Letter").

J. The City has complied with all requirements of West Virginia law relating to the issuance of the Series 2003 A Bonds, or will have so complied prior to issuance of the Series 2003 A Bonds.

Section 1.03. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of enactment of this Ordinance.

"Authorized Officer" means the Mayor of the City or any other officer of the City specifically designated by resolution of the City Council.

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the City, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds," or "Registered Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

"Bond Register" means the books of the City maintained by the Registrar for the registration and transfer of Bonds.

"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.

"Bonds" means the Series 2003 A Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Bonds Payment Fund" means the Bonds Payment Fund established by Section 4.01 hereof.

"Bonds Proceeds Fund" means the Bonds Proceeds Fund established by Section 4.01 hereof.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"City" means The City of White Sulphur Springs, a municipal corporation of the State of West Virginia, and, where appropriate, the City Council and/or Sanitary Board of the City.

"City Clerk" means the City Clerk of the City.

"Closing Date" means the date upon which there is an exchange of the Series 2003 A Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Costs" or similar terms, shall mean all those costs now or hereafter permitted by the Act and the Refunding Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1993 Bonds, including payment of redemption premiums and accrued interest thereon; amounts which may be deposited in any Reserve Account; legal, accounting, fiscal agent fees and expenses, initial fees for the services of registrars, paying agents, depositories, trustees or escrow trustees, or other costs in connection with the sale of the Series 2003 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted, in connection with any thereof.

"Depository Bank" means the bank to be designated as such in the Supplemental Resolution, and its successors and assigns.

"Event of Default" means any occurrence or event specified in Section 7.01.

"FDIC" means the Federal Deposit Insurance Corporation or 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" or "Council" means the Council of the City or any other governing body of the City that succeeds to the functions of the City Council as presently constituted.

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

"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.

"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 City to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the City 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).

"Mayor" means the Mayor of the City.

"Net Proceeds" means the face amount of the Series 2003 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any. 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 2003 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of issuance of the Series 2003 A Bonds, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance" means this Ordinance and all resolutions and ordinances supplemental hereto or amendatory hereof.

"1993 Ordinance" means the ordinance, as supplemented of the City, duly enacted April 26, 1993, authorizing the Series 1993 Bonds.

"Outstanding," when used with reference to the Prior Bonds or the Bonds and as of any particular date, describes all Prior Bonds or Bonds theretofore and thereupon being issued and delivered except (a) any Prior Bond or Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); and (b) any Prior Bond or Bond deemed to have been paid as provided in their respective authorizing ordinances.

"Paying Agent" means the bank or other entity designated as such for the Series 2003 A Bonds in the Supplemental Resolution, and its successors and assigns.

"Prior Bonds" means the Series 1993 Bonds of the City.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the

meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchaser" means the purchaser or purchasers of the Series 2003 A Bonds directly from the City, designated as such in the Supplemental Resolution, and its successors and assigns.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall

be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Redemption Date" means the date fixed for redemption of any Bonds of the City called for redemption.

"Redemption Price" means the price at which any Bonds of the City may be called for redemption and includes the principal of and interest on such Bonds to be

redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

"Refunding" means the defeasance and redemption of the Series 1993 Bonds and the payment of the costs of issuance of the Series 2003 A Bonds and other costs relating to the refunding of the Series 1993 Bonds.

"Refunding Act" means Chapter 13, Article 2E of the West Virginia Code of 1931, as amended and in effect on the date of enactment of this Ordinance.

"Registrar" means the bank or other entity to be designated in the Supplemental Resolution as the Registrar for the Series 2003 A Bonds, and its successors and assigns.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Renewal and Replacement Fund" means the Renewal and Replacement established by Section 4.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 4.01 hereof.

"Series 1993 Bonds" means the Waterworks Refunding Revenue Bonds, Series 1993, of the City, dated June 1, 1993, issued in the original aggregate principal amount of $1,486,550.

"Series 2003 A Bonds" means the Water Refunding Revenue Bonds, Series 2003 A, of the City, originally authorized to be issued pursuant to this Ordinance.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the City following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2003 A Bonds and authorizing the sale of the Series 2003 A Bonds to the Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the City, including any Sinking Fund or Reserve Account.

"System" means the complete existing public waterworks system now owned by the City, consisting of a waterworks system in its entirety or any integral part thereof, and shall include any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks system from any sources whatsoever, both within and without the City.

"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 vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

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.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of adoption of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1993 Bonds Outstanding as of the date of issuance of the Series 2003 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Holders of the Series 1993 Bonds imposed by the 1993 Ordinance, the monies in the funds and accounts created by the 1993 Ordinance pledged to payment of the Series 1993 Bonds, and any other funds pledged by the 1993 Ordinance to payment of the Series 1993 Bonds are hereby ordered terminated, discharged and released upon such payment to the Holders of the Series 1993 Bonds. Contemporaneously with the payment in full of the Series 1993 Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1993 Bonds, shall be released from the lien created by the 1993 Ordinance.

ARTICLE III

THE BONDS

Section 3.01. Authorization of the Bonds. For the purposes of currently refunding the Series 1993 Bonds and paying the costs of issuance of the Series 2003 A Bonds and related costs, there shall be and hereby are authorized to be issued the Water Refunding Revenue Bonds, Series 2003 A, of the City, in an aggregate principal amount of not more than $1,000,000.

Section 3.02. Terms of Bonds. The Bonds shall be issued in fully registered form and shall be initially issued as one Bond, in the aggregate principal amount of not to exceed $1,000,000. The Bonds shall be dated such date, shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such date or dates; shall mature on such dates; and shall be subject to such repayment or redemption, all as provided in the Supplemental Resolution or as specifically provided in the Bonds. The Bonds shall be payable as to principal and interest at the principal office of the Paying Agent in any coin or currency which, on the date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

The aggregate proceeds of the Bonds shall be paid to the City upon delivery of the Bonds.

Section 3.03. Execution and Authentication of Bonds. The Bonds shall be executed in the name of the City by the manual signature of its Mayor and the seal of the City shall be affixed thereto, and attested by the manual signature of the City Clerk. 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 City before the so signed and sealed shall have been actually sold or 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 City by such person as at the actual time of the execution of such Bonds shall hold the proper office of the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

No Bond shall be valid or entitled to any security or benefit under this Ordinance unless and until the certificate of authentication and registration on such Bond shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Legislation. The certificate of authentication and registration shall be deemed to have been executed by the Registrar if

signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that said 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 any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. The Bonds shall be transferrable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owner thereof in person or by his attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of a Bond, there shall be issued to the transferee another fully registered Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond.

In all cases in which the privilege of transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfers shall forthwith be canceled by the Registrar. For every such transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Bond upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of Bonds during the 15 days preceding an interest payment date on the Bonds or after notice of any prepayment of the Bonds has been given.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, in its discretion, issue and deliver new Bond in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bonds or in lieu of and substitution for the Bond destroyed, stolen or lost and upon the Holder's furnishing the City proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and

conditions as the City may prescribe and paying such expenses as the City may incur. All Bonds so surrendered shall be submitted to and canceled by the Registrar and held for the account of the City. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Form of Bonds. The text of the Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WHITE SULPHUR SPRINGS
WATER REFUNDING REVENUE BONDS, SERIES 2003 A

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF WHITE SULPHUR SPRINGS, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State (the "City"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to the order of

- _____ -

or registered assigns (the "Registered Owner"), the principal sum of _____ DOLLARS ($_____), together with interest thereon, payable from the date thereof at the rates per annum and on the terms set forth as follows:

A. Interest on this Bond shall be payable at the rate of 3.97% per annum (hereinafter sometimes called the "Tax-Exempt Rate").

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at the rate of 5.88% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire

principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in _____ monthly installments, commencing November 1, 2003, and continuing on the 1st day of each month thereafter, to and including _____, 20__. The monthly installments shall consist of principal and interest.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of the Bond unpaid on _____, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of _____, _____, West Virginia, as Registrar and Paying Agent.

This Bond is subject to prepayment of principal balance in whole on a scheduled payment date with a 1% prepayment penalty.

This Bond is issued (i) to finance the costs of refunding the City of White Sulphur Springs' Waterworks Refunding Revenue Bonds, Series 1993; and (ii) to pay the costs of issuance hereof and related costs. The existing public waterworks facilities of the City and any further improvements or extensions thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the City on _____, 2003, as supplemented by a Supplemental Resolution duly adopted by the City on _____, 2003 (collectively, the "Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond are payable only from and secured by a first lien on the Gross Revenues of the System The monies from these sources shall be

deposited into the Bonds Payment Fund established under the Legislation for the prompt payment of the principal of and interest on this Bond.

This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Legislation, the City has entered into certain covenants with the Registered Owner, for the terms of which reference is made to said Legislation. Remedies provided the Registered Owner are exclusively as provided in the Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, this Bond is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Bond is transferable, as provided in the Legislation, only by transfer of registration upon the books of Branch Banking and Trust Company, Charleston, West Virginia (the "Registrar"), to be made at the request of the Registered Owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney.

All monies received from the sale of this Bond shall be applied solely to the refunding of the Series 1993 Bonds and the costs of issuance and related costs described in the Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Bond.

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

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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 no part of the Notes are private activity bonds; that 95% or more of the Net Proceeds of the Notes 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 obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Notes are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect as applicable to the Notes.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at 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 Bonds, together with all other obligations of the City, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

All provisions of the Legislation and the 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.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, the CITY OF WHITE SULPHUR SPRINGS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 2003.

_____,
as Registrar

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the books of the Registrar on behalf of said City with full power of substitution in the premises.

Dated: _____, 20__.

_____

IN THE PRESENCE OF:

_____

CH633616.1

Section 3.07. Sale of Bonds. The Bonds shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of the Supplemental Resolution; provided, that the Purchaser and the City shall have agreed to the purchase thereof.

Section 3.08. Security for the Bonds. The principal of and interest on the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System.

Section 3.09. Bonds not to be Indebtedness of City. The Bonds shall be special obligations of the City, payable as to principal and interest solely from the sources described in Section 3.08 hereof. The Bonds do not and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Bonds. The Holders of the Bonds shall never have the right to compel the forfeiture of any property of the City. The Bonds shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except as pledged therefor by this Ordinance.

Notwithstanding anything in this Ordinance, the City shall not be required to advance any money derived from any source of income other than that pledged by this Ordinance for the payment of the principal of or interest on the Bonds or for the performance of any of its duties under this Ordinance. The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

Section 3.10. Prohibition of Other Loans. So long as the Bonds are outstanding, no bonds, notes or other evidences of indebtedness shall be issued by the City without the prior written consent of the Purchaser; provided however, that the City may issue refunding notes or bonds to pay the entire outstanding principal of and all interest accrued on the Bonds in full.

Section 3.11. Advances of Principal of Bonds. The City shall request from the Purchaser all of the proceeds of the Bonds on the Closing Date, to pay the costs of refunding the Series 1993 Bonds and the costs of issuance hereof and related costs and only to pay costs authorized by this Ordinance. After payment of all such costs, any remaining Bond proceeds shall be transferred to the Bonds Payment Fund and applied only to the payment of the Bonds.

Section 3.12. Covenants with Holders of Bonds. In order to secure the payment of the Bonds, the City hereby covenants and agrees with the Holders of the Bonds as follows:

(A) General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart 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 City and the Purchaser.

(B) Rates. The City will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds 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.

(C) 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.

(D) Issuance of Additional Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bond, provided, however, that a separate debt service reserve fund may be established exclusively for such Parity Bonds.

No such 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 the Bonds issued pursuant hereto or subsequent Parity Bonds, or any combination of such purposes.

No Parity Bonds shall be issued at any time, however, unless the City certifies in writing 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, shall

not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any 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 adopted by the City, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in the certificate of the City.

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, on account of increased rates, rentals, fees and charges for the System adopted by the City, the period for appeal of which, if any, has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the City shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by 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 Holder of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond. The City shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

No Parity Bonds shall be issued any time, however, unless all the payments provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the City shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

(E) Insurance and Bonds. A. The City 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:

(i) 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 full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the City will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the City during construction of the Project in the full insurable value thereof.

(ii) 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 City from claims for bodily injury and/or death, and not less than $200,000 to protect the City 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.

(iii) Vehicular Public Liability Insurance, in the event the City owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the City is operated at any time or times for the benefit of the City, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than $200,000 to protect the City 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 City.

(iv) 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 have been or 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.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the City.

(vi) 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 City 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 treasurer.

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Bonds are outstanding, the City will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the City.

B. All insurance proceeds awarded to the City that are not applied to the repair or replacement of the subject property damaged or destroyed, shall

be applied by the City to prepayment of the Bonds, unless otherwise consented to in writing by the Bondholder.

(F) Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds.

(G) Fiscal Year; Budget; Financial Statements. 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 30 days prior to the beginning of each Fiscal Year, the City 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 Bondholder by the beginning of each Fiscal Year.

If for any reason the City shall not have adopted the Annual Budget before the 1st 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 next year 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 City. Each such Budget of Current Expenses shall be mailed immediately to the Bondholder.

The City shall submit to the Purchaser a balance sheet and statement of revenues and expenses within sixty (60) days of each calendar quarter and an annual financial statement within one hundred twenty (120) days of its fiscal year-end, audited or prepared by Independent Certified Public Accountants acceptable to the Purchaser. Additional financial information is to be provided upon Purchaser's request.

(H) Compensation of Members of Governing Body. The City hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

(I) Books and Records; Audits. The City will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the City, 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 City relating thereto.

The City 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 City shall further comply with the Act with respect to such books, records and accounts.

(J) Maintenance of System. The City 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.

(K) No Competition. To the extent legally allowable, the City 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 City or within the territory served by the System.

(L) Application of Bond Proceeds. The City will not make or cause or permit to be made any application of the proceeds of the Bonds except in accordance with the provisions of Article IV hereof, or of any monies held in the Bonds Payment Fund, except in accordance with the provisions of Article IV hereof.

(M) The City shall comply with all other requirements as are required by the Commitment Letter, the terms of which are incorporated herein and made a part hereof.

Section 3.13. Required Notices to Holders of Bonds. The City will provide the Purchaser prompt written notice, appropriately documented, if the City authorizes any additional indebtedness related to the System for the Purchaser's approval pursuant to Section 3.10 hereof.

Section 3.14. Arbitrage and Tax Exemption. The City 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 Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excludable from

gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 3.15. Small City Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the City covenants that it is a governmental unit with general taxing powers; that no part of the Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the City during the calendar year in which the Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Bonds. For purposes of the first paragraph of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the City and all entities which issue obligations on behalf of the City shall be treated as one City; 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 first paragraph of 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 first paragraph of 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 benefitting thereby shall be treated as one City.

Section 3.16. Tax Covenants. The City hereby further covenants and agrees as follows:

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

Private Business Use or is to be derived from payments, whether or not to the City, 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 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System 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 City shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

E. FURTHER ACTIONS. The City will take all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 3.17. Designation of Bonds as "Qualified Tax-Exempt Obligations". The City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 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 City 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 Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2003, all as determined in accordance with the Code.

Section 3.18. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2003 A Bonds, the City shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued, if any, on the Series 2003 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Bonds Payment Fund and applied to payment of interest on the Series 2003 A Bonds at the first interest payment date.

B. An amount of the proceeds of the Series 2003 A Bonds which, together with other monies or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1993 Bonds (which amount shall be set forth in the Supplemental Resolution) shall be paid to the Holders of the Series 1993 Bonds.

C. An amount of the proceeds of the Series 2003 A Bonds which shall be sufficient to pay all costs of issuance shall be deposited with the Depository Bank in the Bonds Proceeds Fund and shall be drawn out, used and applied by the City solely to pay costs of issuance of the Series 2003 A Bonds and miscellaneous costs of refunding the Series 1993 Bonds at the written direction of the City. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the City to the Bonds Payment Fund.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF; INVESTMENT OF FUNDS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created with (or continued if previously established by the 1993 Ordinance), and shall be held by, the Depository Bank, segregated and apart from all other funds or accounts of the Depository Bank and the City and from each other:

(1) Revenue Fund (established by the 1993 Ordinance);

(2) Renewal and Replacement Fund (established by the 1993 Ordinance);

(3) Bonds Proceeds Fund; and

(4) Bonds Payment Fund.

Section 4.02. System Revenues; Flow of Funds. So long as any of the Bonds shall be Outstanding and unpaid, the City covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the City 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 City and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The City shall first each month pay from the Revenue Fund the Operating Expenses of the System.

(2) The City shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Depository Bank for deposit in the Bonds Payment Fund a sum equal to the amount required to pay interest on the Bonds on the next ensuing monthly interest payment date.

(3) The City shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously

remit to the Depository Bank for deposit in the Bonds Payment Fund a sum equal to the monthly principal payment which will become due on the Bonds on the next ensuing monthly principal payment date.

(4) The City shall next, from the monies remaining in the Revenue Fund (as previously set forth in the 1993 Ordinance and not in addition thereto), on the first day of each month, 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 any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the City or of the Depository Bank and shall be invested and reinvested in Qualified Investments. 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 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) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Bonds Payment Fund shall be used only for the purposes of paying principal of and interest on the Series 2003 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity.

The City shall not be required to make any further payments into the Bonds Payment Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2003 A Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2003 A Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2003 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account

in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 2003 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, 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 Depository Bank with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Section 4.03. Investment of Funds. Pending application as provided above, any monies held in the Bonds Proceeds Fund or the Bonds Payment Fund shall be invested and reinvested by the Depository Bank at the direction of the City to the fullest extent possible under applicable laws, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

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

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2003 A Bonds;

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2003 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by any Bondholder; or

(C) If the City files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

The City must cure any covenant default within 30 days after notice of the default, and failure to pay principal of or interest on the Bonds shall be an immediate event of default.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Bonds including the right to require the City to perform its duties under the Act and the Legislation relating thereto, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Legislation with respect to the Bonds, or the rights of the Holders of the Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Holders of the Bonds hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Holders of the Notes or Bonds shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

ARTICLE VI

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 6.01. Defeasance; Discharge of Pledge of Ordinance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2003 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the Holders of the Series 2003 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2003 A Bonds from gross income for federal income tax purposes.

The Series 2003 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2003 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 2003 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 an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2003 A Bonds on and prior to the maturity date thereof, or if the City irrevocably determines to redeem any of the Series 2003 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with an escrow trustee 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 of and interest on the Series 2003 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2003 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the City as received by said escrow trustee, free and clear of any trust, lien or pledge. For

the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Ordinance. Prior to issuance of the Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the Holders of the Bonds 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 City to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Holder thereof. Notwithstanding the foregoing, this Ordinance may be amended without the consent of the Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Notes and Bonds from gross income of the Bondholder.

Section 7.02. Ordinance Constitutes Contract. The provisions of the Ordinance shall constitute a contract between the City and the Holders of the Bonds, respectively, and no change, variation or alteration of any kind of the provisions of the Ordinance shall be made in any manner, except as in this Ordinance provided.

Section 7.03. 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 Bonds.

Section 7.04. 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 7.05. Conflicting Provisions Repealed. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 7.06. Covenant of Due Procedure, Etc. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to

be taken precedent to and in the adoption and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Clerk, the City Administrator 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 7.07. Effective Date. This Ordinance shall be effective following the public hearing and final reading hereof.

Section 7.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the City 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 *West Virginia Daily News*, a newspaper of general circulation in the City of White Sulphur Springs, together with a notice stating that this Ordinance has been adopted and that the City contemplates the issuance of the Bonds and that any person interested may appear before 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 Clerk for review by interested parties during the office hours of the Clerk.

At such hearing, all objections and suggestions shall be heard and Council shall take such action as it shall deem proper in the premises.

Passed on First Reading: August 27, 2003

Passed on Second Reading: September 8, 2003

Passed on Final Reading
following Public Hearing: October 14, 2003

Enacted this 14th day of October, 2003.

Delia Jo Fogus

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The City of White Sulphur Springs on the 14th day of October, 2003.

Dated this 15th day of October, 2003.

[SEAL]

James W. Lewis
City Clerk

CITY OF WHITE SULPHUR SPRINGS
Water Refunding Revenue Bonds, Series 2003 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF WHITE SULPHUR SPRINGS WATER REFUNDING REVENUE BONDS, SERIES 2003 A; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE ESCROW AGREEMENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the City of White Sulphur Springs (the "Issuer") has duly and officially enacted an Ordinance on October 14, 2003 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE REFUNDING OF THE WATERWORKS REFUNDING REVENUE BONDS, SERIES 1993, OF THE CITY OF WHITE SULPHUR SPRINGS; THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2003 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $1,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATING THERETO; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Ordinance provides for the refunding of the Issuer's Waterworks Refunding Revenue Bonds, Series 1993, dated June 1, 1993 (the "Series 1993 Bonds"), and the issuance of the Water Refunding Revenue Bonds, Series 2003 A, of the Issuer, in an aggregate principal amount not to exceed $1,000,000 (the "Series 2003 A Bonds" or the "Bonds"), for the purposes of paying a portion of the costs of such refunding and paying the costs of issuance thereof, all in accordance with Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act") and Chapter 13, Article 2E (the "Refunding Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by Branch Banking and Trust Company, Charleston, West Virginia (the "Original Purchaser"), pursuant to a Commitment Letter dated August 13, 2003; and

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted, that the Prepayment Agreement be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WHITE SULPHUR SPRINGS:

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 Water Refunding Revenue Bonds, Series 2003 A, of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $929,000. The Bonds shall be dated the date of delivery, shall finally mature June 1, 2013, and shall bear interest at the rate of 3.97% per annum. The principal of and interest on the Bonds shall be payable on the first day of each month, commencing November 1, 2003, in the amounts set forth in the "Debt Service Schedule" incorporated in and made a part of the Bonds. The Bonds shall be subject to

prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

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

Section 3. The Issuer hereby approves and accepts the Prepayment Agreement by and between the Issuer and United Bank, Inc. (the "Bank"), the paying agent for the Series 1993 Bonds, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed.

Section 4. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2003 A Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 5. The Issuer hereby appoints and designates Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Ordinance and approves and accepts the Registrar Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates Branch Banking and Trust Company, Charleston, West Virginia, to serve as Paying Agent (the "Paying Agent") for the Bonds under the Resolution and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 7. The Issuer hereby appoints and designates Branch Banking and Trust Company, Charleston, West Virginia, to serve as Depository Bank under the Resolution.

Section 8. The Issuer hereby approves and accepts the offer of Branch Banking and Trust Company, Charleston, West Virginia, to purchase the Bonds at a purchase price of $929,000 (100% of par value), there being no interest accrued thereon.

Section 9. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2003 A Bonds.

Section 10. The proceeds of the Bonds in an amount sufficient to pay the outstanding principal of, interest on and redemption premium for the Series 1993 Bonds as of October 15, 2003, shall be deposited with United Bank, Inc. to accomplish the prepayment and refunding of the Series 1993 Bonds.

Section 11. The remaining proceeds of the Bonds shall be deposited with the Paying Agent in the Bonds Proceeds Fund for payment of the costs of issuance of the Bonds. All costs of issuance shall be paid within 60 days from the date of delivery of the Bonds. The remaining proceeds of the Bonds, including any moneys released by the Commission, shall be released to the Issuer and applied solely to capital improvements of the System and shall be fully expended within six months from the date of delivery of the Bonds.

Section 12. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2003 A Bonds, it is hereby determined that the Series 2003 A Bonds show a net savings to the Issuer after deducting all expenses of the refunding. Prior to delivery of the Series 2003 A Bonds, the Issuer shall have obtained from Michael D. Griffith, Certified Public Accountant, or such other independent certified public accountant acceptable to the Mayor, a certification that the amount of savings stated to be achieved by the refunding shall in fact be correct, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2003 A Bonds and the net interest cost in dollars of the Series 1993 Bonds. The Mayor is hereby authorized and directed to employ Michael D. Griffith, Certified Public Accountant, Alum Creek, West Virginia, or such other independent certified public accountant satisfactory to Bond Counsel, to supply the certification required herein and to take other actions required in connection with the refunding.

Section 13. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 14. 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 Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Original Purchaser on or about October 15, 2003.

Section 15. The prepayment and refunding of the Series 1993 Bonds and the financing thereof in part with proceeds of the Bonds will result in present value debt service savings for the Issuer, 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 16. 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 the Regulations to be promulgated thereunder.

Section 17. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 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, 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 Bonds, have been or are reasonably anticipated to be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2003.

Section 18. The Issuer qualifies for the small governmental issuer exception to rebate, as the Issuer is a governmental unit and has general taxing powers; no 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 (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 2003, the calendar year in which the Bonds are issued, is not reasonably expected to exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code.

Section 19. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 20. This Supplemental Resolution shall be effective immediately following adoption hereof.

[SEAL]

James W. Lamm

Recorder

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Hurricane on the 14th day of October, 2003.

Dated this 15th day of October, 2003.

[SEAL]

Recorder

10/13/03
435630.00001

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 14, 2011

FINAL

2/3/2011

CASE NO. 10-1513-W-CN

CITY OF WHITE SULPHUR SPRINGS,
White Sulphur Springs, Greenbrier County.
Application for a certificate of convenience and necessity to renovate and replace water plant and distribution system, Greenbrier County.

RECOMMENDED DECISION

On September 27, 2010, the City of White Sulphur Springs ("City"), by counsel J. Steven Hunter, filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity to renovate and replace parts of its water plant and distribution system. Supporting documentation was attached, including a binding commitment letter from the West Virginia Bureau for Public Health ("Health Bureau") for a $4,252,750 principal forgiveness loan, with no annual debt service payments, and an $8,000,000 loan, payable over thirty years at 0% interest and a 1% administrative fee, from the Health Bureau's Drinking Water Treatment Revolving Fund.

Also on September 27, 2010, the Commission directed the City to publish a Notice of Filing, which provided that, if no substantial protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On October 5, 2010, by Order, the Commission referred this matter to the Division of Administrative Law Judges for decision no later than April 25, 2011, if timely substantial protest was received, and no later than March 25, 2011, if such protest was not filed.

On November 3, 2010, the City filed an affidavit of publication of the Notice of Filing on October 5, 2010, in The West Virginia Daily News, published in Greenbrier County.

On December 16, 2010, Staff Attorney Lisa Wansley filed a Final Joint Staff Memorandum, with an attached memorandum from James Boggess, of the Utilities Division, and Jonathan Fowler, of the Engineering Division. Mr. Fowler's memorandum includes the following: The project has been approved by the West Virginia Infrastructure and Jobs Development Council and the Health Bureau issued Permit Nos. 18,513 and 18,575 for the project, on March 15 and May 10, 2010, respectively. The project has been divided into five contracts, as follows:

> Contract No. 1 – Water Treatment Plant Upgrade will involve the demolition and removal of a significant portion of the existing plant's piping and process equipment and the installation of two new catalytic reactors (used in the softening process), two new filters, a new carbon dioxide storage and feed system (used to control the pH of the effluent), an expansion to the existing concrete clearwell, the installation of two new high service pumps, the renovation of the existing process building the renovation and expansion of the carbon dioxide and process buildings. The plant capacity will be essentially doubled by this work and the new plant will provide a nominal design capacity of 600 gallons per minute per process train or, 1,200 gpm total.
>
> Contracts No. 2 and No. 3 are the water system replacement portions of the project and (combined) include the installation of about 54,850 feet of new water mains of various sizes (12" thru 2") types and classes along with valves and necessary appurtenances and all items of surface and street restoration work.
>
> Contract No. 4 consists of the construction of a new 392,000 gallon (nominal) capacity water storage tank along with site work, piping, foundation and all necessary appurtenances.
>
> Contract No. 5 consists of the replacement of all of the City's existing, non-automated water meters with new automated radio-read meters, along with new meter reading systems, software and necessary appurtenances.

The estimated costs of the five contracts are $3,436,364, $2,795,630, $1,404,370, $580,000, and $1,500,000, respectively. The total estimated construction cost is $10,687,250, including $970,866 for construction contingencies, and the total estimated project cost is $12,252,750. From 2000 to 2010, the City had an average unaccounted-for water rate of 58%; for the year ending June 30, 2010, the rate was 61.52%. That problem alone demonstrates the need for Contracts Numbers 2 and 3. The memorandum continues,

> Further, the existing treatment facility has a long history of problems beginning shortly after construction and continuing to the present. The treatment plant has never operated efficiently, requiring constant operator attention and continuous adjustment in order to provide an acceptable level of finished water quality on a consistent basis. The design and construction issues were addressed in a lawsuit which the City successfully pursued against the plant's original designers and builders. However, the

required retrofits were neither fully funded nor completely implemented. Further, owing to many issues, including the original design problems and a lack of funds, several components of the plant are nearing the end of their useful life and require either significant rehabilitation or replacement. The proposed project will address both the long-standing design and operational issues at this relatively sophisticated softening plant, as well as providing for the replacement and renovation of several key pieces of process equipment. The project will thus enable the City to provide a reliable source of high-quality water on a consistent basis for the foreseeable future. Based on a review of this filing and familiarity with this system, Engineering Staff supports the current project as being of appropriate scope and as being necessary to insure the long-term reliability and viability of this utility.

Mr. Boggess's memorandum includes the following: The City is financially able to support the project. The cash flow analysis provides for a pro forma surplus of $70,253 and a debt service coverage factor of 131.05%. The Health Bureau's commitment letter requires the City to charge at least $33.37 per month for 4,000 gallons of water usage; under the City's present rates, the charge for 4,000 gallons is $39.36. Staff recommended that the application be granted and the project and its funding be approved, contingent upon receipt of all outstanding federal, state, and local permits and approvals.

On December 20, 2010, the City, by counsel, filed a letter that it had no objection to Staff's recommendations.

FINDINGS OF FACT

1. On September 27, 2010, the City of White Sulphur Springs filed with the Public Service Commission an application for a certificate of convenience and necessity to renovate and replace parts of its water plant and distribution system. (See application).

2. The project has been approved by the West Virginia Infrastructure and Jobs Development Council and the West Virginia Bureau for Public Health issued Permit Nos. 18,513 and 18,575 for the project, on March 15 and May 10, 2010, respectively. (See application; Final Joint Staff Memorandum filed December 16, 2010).

3. The Notice of Filing was published on October 5, 2010, in The West Virginia Daily News, published in Greenbrier County, and no protest was filed. (See filing of November 3, 2010; Commission file).

4. The project has been divided into five contracts. Contract No. 1 involves replacing part of the water treatment plant and upgrading the plant; Contracts Nos. 2 and 3 involve replacing water mains, along with appurtenances; Contract No. 4 involves construction of a new water storage tank;

and Contract No. 5 involves replacing all of the City's meters with radio-read meters. (See application; Final Joint Staff Memorandum).

5. The City's unaccounted-for water rate averages 61.52% and the City's existing treatment facility needs to be retrofitted, having been badly designed. Also, some of the facility's components are nearing the end of their useful life. The new storage tank is needed and the installation of the radio-read meters is a worthy upgrade. (See application; Final Joint Staff Memorandum).

6. The estimated costs of the five contracts are $3,436,364, $2,795,630, $1,404,370, $580,000, and $1,500,000, respectively. The total estimated construction cost is $10,687,250, including $970,866 for construction contingencies, and the total estimated project cost is $12,252,750. (See application; Final Joint Staff Memorandum).

7. The project will be funded by a $4,252,750 principal forgiveness loan, with no annual debt service payments, and an $8,000,000 loan, payable over thirty years at 0% interest and a 1% administrative fee, from the Drinking Water Treatment Revolving Fund of the West Virginia Bureau for Public Health. (See application; Final Joint Staff Memorandum).

8. The City is financially able to support the project. The cash flow analysis provides for a pro forma surplus of $70,253 and a debt service coverage factor of 131.05%. The commitment letter from the West Virginia Bureau for Public Health requires the City to charge at least $33.37 per month for 4,000 gallons of water usage, and, under the City's present rates, the monthly charge for 4,000 gallons is $39.36. (See Final Joint Staff Memorandum).

9. Staff recommended that the application be granted and the project approved, contingent upon receipt and filing of all outstanding permits and approvals. (See Final Joint Staff Memorandum).

CONCLUSIONS OF LAW

1. It is appropriate to approve the project, pursuant to W.Va. Code §24-2-11, because the public convenience and necessity require the project, upon condition that any needed outstanding permit be received and filed before construction begins on the project.

2. It is appropriate to approve the funding for the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on September 27, 2010, by the City of White Sulphur Springs for a certificate of convenience and necessity to renovate and replace parts

of its water plant and distribution system, at a total cost of $12,252,750, is granted and the project is approved, without specific approval of the project's plans and specifications.

IT IS FURTHER ORDERED that the City of White Sulphur Springs not proceed to construction unless and until it has received all required federal, state and local permits.

IT IS FURTHER ORDERED that the financing for the project, consisting of a $4,252,750 principal forgiveness loan, with no annual debt service payments, and an $8,000,000 loan, payable over thirty years at 0% interest and a 1% administrative fee, from the Drinking Water Treatment Revolving Fund of the West Virginia Bureau for Public Health, is approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans and/or scope of the project or if a change in project cost or financing affects rates, the City of White Sulphur Springs obtain Commission approval of such changes prior to commencing construction.

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

IT IS FURTHER ORDERED that the City of White Sulphur Springs file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that the City of White Sulphur Springs submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

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

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary 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 Executive 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.

Sunya Anderson
Administrative Law Judge

SA:s
101513a.wpd

CITY OF WHITE SULPHUR SPRINGS 3.1
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

GENERAL CERTIFICATE ON:

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

We, the undersigned MAYOR and the undersigned RECORDER of the City of White Sulphur Springs in Greenbrier County, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY for the Issuer, hereby certify in connection with the City of White Sulphur Springs Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), numbered AR-1, dated the date hereof, in the principal amount of $4,252,750 (the "Series 2011 A Bonds") and Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), numbered BR-1, dated the date hereof, in the principal amount of $8,000,000 (the "Series 2011 B Bonds" and together with the Series 2011 A Bonds, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the

Bond Ordinance duly adopted by the Issuer on March 21, 2011, effective April 11, 2011, the Supplemental Resolution duly adopted by the Issuer on April 11, 2011 (collectively, the "Ordinance"), and the Loan Agreement between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau of Public Health ("BPH"), dated April 14, 2011 (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 Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer, the Governing Body, to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect. The Issuer has received the Drug Free Workplace affidavits from the successful bidders required by Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the 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 Bonds are issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues

or assets of the System. The Issuer is in compliance with all the terms and provisions of the Prior Bonds and the Prior Ordinances.

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 Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, 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 Bonds and to be attested by his manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Administrative Law Judge entered on January 14, 2011, as made final by the Public Service Commission of West Virginia (the "PSC") on February 3, 2011, in Case No. 10-1513-W-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal having been filed. The Order remains in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended.

7. RATES: The Issuer has duly enacted a sewer rate ordinance on June 8, 2010, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of White Sulphur Springs." The Issuer is a municipal corporation of the State of West Virginia in Greenbrier County of said State. The Governing Body of the Issuer is its Council, consisting of 5 Council members and the

Mayor. The names and dates of commencement and termination of terms of office for all such officials are listed below:

Office	Name	Date Of Commencement Of Office	Date Of Termination Of Office
Mayor	Debbie Fogus	July 1, 2009	June 30, 2011
Recorder	Thomas Taylor	July 1, 2009	June 30, 2011
Council Member	Lynn Swann	July 1, 2009	June 30, 2011
Council Member	Chris Hanna	July 1, 2009	June 30, 2011
Council Member	Peggy Bland	July 1, 2009	June 30, 2011
Council Member	Lloyd Haynes	October 26, 2009	June 30, 2011
Council Member	Bruce Bowling	October 26, 2009	June 30, 2011

The duly appointed and acting City Attorney for the Issuer is Steve Hunter, Esquire, of White Sulphur Springs, West Virginia.

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

10. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's 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 is 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 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.

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

12. SPECIMEN BOND: Attached hereto as Exhibit A are specimens of the Bonds which are identical in all respects with the Bonds 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 $705,966.06 from the Authority and the BPH, being a portion of the principal amount of the Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The West Virginia Daily News, 1 qualified newspaper of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on April 11, 2011, at 7:00 p.m., prevailing time, in the council chambers of the City Hall in White Sulphur Springs, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

15. 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 which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. VERIFICATION OF SCHEDULE B: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

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

20. 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 the City of White Sulphur Springs on this 14th day of April, 2011.

[SEAL]

Signature	Official Title
Delia Fogus	Mayor
	Recorder
	City Attorney

{C1996639.1}

EXHIBIT A

See Specimen Bonds (Tab No. 13)

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

On this 14th day of April, 2011, the undersigned Mayor of the City of White Sulphur Springs in Greenbrier County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $4,237,750 aggregate principal amount of Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) (the "Series 2011 A Bonds"), and $8,000,000 aggregate principal amount of Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program) of the Issuer, both dated April 14, 2011 (the "Series 2011 B Bonds," and together with the Series 2011 A Bonds, the "Bonds"), hereby certify as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance duly enacted by the Issuer on April 11, 2011 (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 14, 2011, the date on which the Bonds are to be physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. The Series 2011 A Bonds were sold on April 14, 2011, to the Authority, pursuant to a loan agreement dated April 14, 2011, by and among the Issuer, the Authority, and the BPH, for an aggregate purchase price of $4,252,750 (100% of par value), at which time, the Issuer received $0 from the Authority and the BPH, being the first advance of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

5. The Series 2011 B Bonds were sold on April 14, 2011, to the Authority, pursuant to a loan agreement dated April 14, 2011, by and among the Issuer, the Authority, and the BPH, for an aggregate purchase price of $8,000,000 (100% of par

value), at which time, the Issuer received $705,966.06 from the Authority and the BPH, being the first advance of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the Series 2009 A Bonds; (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage sewer system of the Issuer (the "Project"); and (iii) paying costs of issuance of the Bonds and related costs.

7. 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 Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures for costs 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 Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before June 1, 2012. The acquisition and construction of the Project is expected to be completed by August 1, 2012.

8. The total cost of the Project is estimated to be $12,252,750. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2011 A Bonds	$ 4,252,750.00
Proceeds of the Series 2011 B Bonds	$ 8,000,000.00
Total Sources	$ 12,252,750.00

USES

Payment of Series 2009 A Bonds	$ 569,442.09
Costs of Project	$ 11,652,807.91
Costs of Issuance	$ 30,500.00
Total Uses	$ 12,252,750.00

9. 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) Renewal and Replacement Fund;

(3) Series 2011 Bonds Construction Trust Fund;

(4) Series 2011 A Bonds Sinking Fund;

(5) Series 2011 A Bonds Reserve Account;

(6) Series 2011 B Bonds Sinking Fund; and

(7) Series 2011 B Bonds Reserve Account.

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

(1) Series 2011 A Bond proceeds in the amount of $-0- will be deposited in the Series 2011 A Bonds Reserve Account.

(2) Series 2011 B Bond proceeds in the amount of $-0- will be deposited in the Series 2011 B Bonds Reserve Account.

(3) Series 2011 B Bond proceeds in the amount of $569,442.09 will be transferred to the West Virginia Municipal Bond Commission to pay the Series 2009 A Bonds.

(4) The balance of the proceeds of the Series 2011 A Bonds will be deposited in the Series 2011 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

(5) The balance of the proceeds of the Series 2011 B Bonds will be deposited in the Series 2011 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and

construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

11. Moneys held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2011 A Bonds Reserve Account (if equal to the Series 2011 A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2011 A Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Moneys held in the Series 2011 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2011 B Bonds Reserve Account (if equal to the Series 2011 B Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2011 B Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

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

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

15. With the exception of the amount deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

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

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

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

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

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

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

22. The Bonds are not federally guaranteed.

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

24. The Issuer has either (a) funded the Series 2011 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2011 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2011 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2011 A Bonds Reserve Account and the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

25. The Issuer has either (a) funded the Series 2011 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2011 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2011 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2011 B Bonds Reserve Account and the Series 2011 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

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

substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as the Bonds.

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

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

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

WITNESS my signature as of the date first written above.

CITY OF WHITE SULPHUR SPRINGS

Delea Fogus

Mayor

CITY OF WHITE SULPHUR SPRINGS WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF RECORDER AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly elected Recorder of the City of White Sulphur Springs (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the City of White Sulphur Springs Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) (the "Series 2011 A Bonds") and Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program) (the "Series 2011 B Bonds," and together with the Series 2011 A Bonds, the "Bonds") are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.

2. Oaths of Office of Mayor, Recorder and Council Members.

3. Infrastructure Council Approval Letter.

4. Loan Agreement.

5. Rate Ordinance.

6. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

7. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

8. Bond Ordinance.

9. Supplemental Resolution.

10. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

11. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

12. 2011 A & B Bond Ordinance and Supplemental Resolution.

13. Environmental Health Permit.

14. Evidence of Insurance.

[The rest of this page is intentionally left blank.]

WITNESS my signature and the official seal of the City of White Sulphur Springs on this 14th day of April, 2011.

Recorder

[SEAL]

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

3.4

CERTIFICATE OF CONSULTING ENGINEER

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh 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 (the "Project") to the existing water system (the "System") of the City of White Sulphur Springs (the "Issuer"), to be constructed primarily in Greenbrier County, West Virginia, which acquisition and construction is being financed by the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on March 21, 2011, effective April 11, 2011, and the Loan Agreement between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau of Public Health ("BPH"), dated April 14, 2011 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying the Series 2009 A Bonds; (ii) paying the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the design of the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by Ghosh Engineers, Inc. and any change orders approved by the Issuer, the Authority, the BPH and all necessary governmental bodies; (ii) the Project will be adequate for its intended purpose and when constructed, as designed, will have a useful life of at least 32 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A; (iv) the successful bidders have provided the Drug-Free

Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (v) the successful bidders acknowledged receipt of all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the West Virginia Bureau for Public Health and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; and (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.

4. The Project will serve no new customers.

WITNESS my signature and seal on this 14th day of April 2011.

[SEAL]

PULAK GHOSH
REGISTERED
7806
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

Pulak Ghosh, P.E.
West Virginia License No. 7806

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND
SCHEDULE B
White Sulphur Springs Water System Improvements

			DWTRF	DWTRF
A.	**Cost of Project**	**Total**	**Loan Forgiven**	**Loan**
1.	Contract I (Water Plant)	$ 3,399,100.00		$ 3,399,100.00
	Contract II (Water Lines)	$ 2,787,058.50	$ 2,015,000.00	$ 772,058.50
	Contract III (Water Lines)	$ 1,255,435.00	$ 737,750.00	$ 517,685.00
	Contract IV (Water Tank)	$ 323,525.00		$ 323,525.00
	Contract V (Meters and Installation)	$ 1,868,403.00	$ 1,500,000.00	$ 368,403.00
	Project Under-run	$ 657,418.34	$ -	$ 657,418.34
	Construction Contingency	$ 482,000.00		$ 482,000.00
2.	Engineering Design	$ 21,915.00		$ 21,915.00
	Engineering During Construction	$ 330,000.00		$ 330,000.00
	Resident Inspection	$ 280,000.00		$ 280,000.00
	Engineering Design For Tank	$ 40,000.00		$ 40,000.00
	Engineering Const For Tank	$ 10,000.00		$ 10,000.00
	Resident Inspection For Tank	$ 25,000.00		$ 25,000.00
	Engineering for Meters	$ 60,000.00		$ 60,000.00
3.	Legal	$ 60,000.00		$ 60,000.00
4.	Labor Compliance (Region IV)	$ 18,000.00		$ 18,000.00
5.	Sites and Other Lands	$ 20,000.00		$ 20,000.00
6.	Accounting	$ 8,000.00		$ 8,000.00
7.	Archaeological Survey	$ 6,953.07		$ 6,953.07
8.	Design Loan Payoff	$ 569,442.09		$ 569,442.09
9.	Total of Lines 1 through 8	$ 12,222,250.00		$ 7,969,500.00
B.	**Cost of Financing**			
10.	Other Costs (Registrar Fee)	$ 500.00		$ 500.00
a.	Bond Counsel	$ 30,000.00		$ 30,000.00
11.	Total Cost of Financing	$ 30,500.00		$ 30,500.00
12.	Total Cost of Project (Line 9 plus Line 11)	**$ 12,252,750.00**		**$ 8,000,000.00**
C.	**Sources of Grants**			
13.	Loan Forgiven	$ 4,252,750.00	$ 4,252,750.00	
14.	Net Proceeds Required from Bond			
	Issue (Line 12 minus Line 13)	**$ 8,000,000.00**		**$ 8,000,000.00**

Debra Fogus

Debra Fogus, Mayor, City of White Sulphur Springs

DATE: 4-5-11

Pulak Ghosh, PE, Ghosh Engineers, Inc

DATE: 4/4/11

Imre David Pentek, CPA

P.O. Box 1390 Lewisburg, WV 24901 (304) 647-3949
Fax: (304) 647-3498 E-Mail: ipentek@wildblue.net

April 14, 2011

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986

West Virginia Bureau of Public Health
One Davis Square, Suite 20
Charleston, WV 25311

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

Jackson Kelly PLLC
1600 Laidley Tower
P.O. Box 553
Charleston, WV 25322

Ladies and Gentlemen:

We have reviewed the water service rates of the City of White Sulphur Springs (the "Issuer"), enacted by the Issuer on April 11, 2011, and the projected operating expenses and anticipated customer usage provided by Ghosh Engineers, Inc., the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the water system of the Issuer (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 the payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) (the "Series 2011 A Bonds"), Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program) (the "Series 2011 B Bonds") and all other obligations secured by or payable from revenues of the System on a parity with the Series 2011 A Bonds and the Series 2011 B Bonds, including the Issuer's Water Refunding Revenue Bonds, Series 2003 (the "Prior Bonds").

It is further our opinion that 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 2011 A Bonds and the Series 2011 B Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2011 A Bonds and the Series 2011 B Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding year on the Prior Bonds, the Series 2011 A Bonds and the Series 2011 B Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance authorizing the Series 2011 A Bonds and the Series 2011 B Bonds.

Very truly yours,

Imre D. Pentek

CITY OF WHITE SULPHUR SPRINGS 3.6
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

RECEIPT FOR BONDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 14th day of April, 2011, in Charleston, West Virginia, the Authority received the entire original issue of $4,252,750 in aggregate principal amount of the Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), of the City of White Sulphur Springs (the "Issuer"), dated April 14, 2011, issued in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Series 2011 A Bonds") and the entire original issue of $8,000,000 in aggregate principal amount of the Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), of the Issuer, dated April 14, 2011, issued in the form of one bond, fully registered to the Authority, and numbered BR-1 (the "Series 2011 B Bonds," and together with the Series 2011 A Bonds, the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 14th day of April, 2011.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Carol A. Cummings
Authorized Representative

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

3.7

RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of the City of White Sulphur Springs (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the 14th day of April, 2011, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $4,252,750 the City of White Sulphur Springs Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), dated April 14, 2011 (the "Series 2011 A Bonds"), and the $8,000,000 the City of White Sulphur Springs Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), dated April 14, 2011 (the "Series 2011 B Bonds," and together with the Series 2011 A Bonds, the "Bonds"), of the sum of $705,966.06, being a portion of the principal amount of the Series 2011 B Bonds. The Issuer did not draw on the Series 2011 A Bonds at closing. The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

WITNESS my signature on this 14th day of April, 2011.

CITY OF WHITE SULPHUR SPRINGS

Delia Fagus
Mayor

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

3.8

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

April 14, 2011

United Bank Inc., as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $4,252,750 Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), in the form of one bond, numbered AR-1, dated April 14, 2011 (the "Series 2011 A Bonds") and the $8,000,000 Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), in the form of one bond, numbered BR-1, dated April 14, 2011 (the "Series 2011 B Bonds," and together with the Series 2011 A Bonds, the "Bonds"), of the City of White Sulphur Springs (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly adopted by the Issuer on March 21, 2011, effective April 11, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 11, 2011.

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

CITY OF WHITE SULPHUR SPRINGS

Delva Fogus
Mayor

(SEAL)

Attest:

Recorder

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

3.9

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of April, 2011, by and between the CITY OF WHITE SULPHUR SPRINGS, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $4,252,750 Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program) (the "Series 2011 A Bonds"), in the form of one bond, numbered AR-1, in fully registered form, and $8,000,000 Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program) (the "Series 2011 B Bonds," and together with the Series 2011 A Bonds, the "Bonds") pursuant to a Bond Ordinance duly adopted by the Issuer on March 21, 2011, effective April 11, 2011, and a Supplemental Resolution duly adopted April 11, 2011 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register

and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986
Attention: Mayor

REGISTRAR:

United Bank, Inc.
500 Virginia Street, East
Charleston, WV 25301-2135
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

CITY OF WHITE SULPHUR SPRINGS

Delea Fogus
Mayor

UNITED BANK, INC.

Authorized Officer

{C1996746.1}

EXHIBIT A

See Bond Ordinance (Tab No. 9)
See Supplemental Resolution (Tab No. 10)

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), of the City of White Sulphur Springs (the "Issuer"), dated April 14, 2011, in the principal amount of $4,252,750, and numbered AR-1, and the single, fully registered Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), of the Issuer, dated April 14, 2011, in the principal amount of $8,000,000, and numbered BR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 14th day of April, 2011.

UNITED BANK, INC., as Registrar

Authorized Officer

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

3.11

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

FIRST NATIONAL BANK, Ronceverte, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of White Sulphur Springs (the "Issuer"), adopted by the Issuer on March 21, 2011, effective April 11, 2011, and a Supplemental Resolution adopted by the Issuer on April 11, 2011 (collectively, the "Ordinance"), authorizing the issuance of the City of White Sulphur Springs Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), in the aggregate principal amount of $4,252,750, and the City of White Sulphur Springs Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), in the aggregate principal amount of $8,000,000, both dated April 14, 2011, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

Witness my signature on this 14th day of April, 2011.

FIRST NATIONAL BANK

Matthew R. Bu

Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 401
1207 Quarrier Street, Charleston, WV 25301
(304) 558-3971

3.12(A)
NEW ISSUE REPORT FORM
Date of Report: April 14, 2011

ISSUE: City of White Sulphur Springs Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program)

ADDRESS: 34 West Main Street, White Sulphur Springs, WV 24986 COUNTY: Greenbrier

PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: April 14, 2011 CLOSING DATE: April 14, 2011

ISSUE AMOUNT: $4,252,750 RATE: N/A

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: $ N/A PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: First National Bank
Contact Person: Jessica Anderson
Phone: (304) 536-2224
E-Mail: janderson@smbwv.com

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Linda Coleman-Barker
Position: Finance Director and Clerk
Phone: (304) 536-1454
E-Mail: wss34@suddenlink.com

OTHER: WVBPH
Contact Person: Robert DeCrease
Function: P.E., Assistant Manager
Phone: (304) 558-6749

DEPOSITS TO MBC AT CLOSE: _____
By _____ Wire
_____ Check

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

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

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

NOTES: Principal forgiveness.

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

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 401
1207 Quarrier Street, Charleston, WV 25301
(304) 558-3971

3.12(B)
NEW ISSUE REPORT FORM
Date of Report: April 14, 2011

ISSUE: City of White Sulphur Springs Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program)

ADDRESS: 34 West Main Street, White Sulphur Springs, WV 24986 COUNTY: Greenbrier

PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: April 14, 2011 CLOSING DATE: April 14, 2011

ISSUE AMOUNT: $8,000,000 RATE: 0% and 1% admin fee

1st DEBT SERVICE DUE: December 1, 2012 1st PRINCIPAL DUE: December 1, 2012

1st DEBT SERVICE AMOUNT: $38,635.75 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: First National Bank
Contact Person: Jessica Anderson
Phone: (304) 536-2224
E-Mail: janderson@smbwv.com

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Linda Coleman-Barker
Position: Finance Director and Clerk
Phone: (304) 536-1454
E-Mail: wss34@suddenlink.com

OTHER: WVBPH
Contact Person: Robert DeCrease
Function: P.E., Assistant Manager
Phone: (304) 558-6749

DEPOSITS TO MBC AT CLOSE: _____
By _____ Wire
_____ Check

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

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

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

NOTES: Reserve Account funded over 10 years.

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

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 07/21/10

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone:304-345-8000 Fax:304-345-8014

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:
PRODUCER CUSTOMER ID #: WHITE-1

INSURED

City Of White Sulphur Springs
Linda Barker
34 West Main Street
White Sulphur Springs WV 24986

INSURER(S) AFFORDING COVERAGE — NAIC #

INSURER A: Argonaut Great Central Ins. Co
INSURER B:
INSURER C:
INSURER D:
INSURER E:
INSURER F:

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY							
A	X COMMERCIAL GENERAL LIABILITY			PE-4613910-04	07/15/10	07/15/11	EACH OCCURRENCE	$2,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$500,000
							MED EXP (Any one person)	$N/A
							PERSONAL & ADV INJURY	$2,000,000
							GENERAL AGGREGATE	$6,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$6,000,000
	POLICY PRO-JECT LOC						Emp Ben.	$2,000,000
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$2,000,000
A	X ANY AUTO			PE-4613910-04	07/15/10	07/15/11	BODILY INJURY (Per person)	$
	ALL OWNED AUTOS						BODILY INJURY (Per accident)	$
	SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	$
	X HIRED AUTOS							$
	X NON-OWNED AUTOS							$
A	UMBRELLA LIAB X OCCUR			PE-4613910-04	07/15/10	07/15/11	EACH OCCURRENCE	$1,000,000
	X EXCESS LIAB CLAIMS-MADE						AGGREGATE	$1,000,000
	DEDUCTIBLE							$
	X RETENTION $ 0							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			PE-4613910-04	07/15/10	07/15/11	WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N/A						E.L. EACH ACCIDENT	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Certificate holder is named as additional insured as respects water project at City of White Sulphur Springs.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

ACORD 25 (2009/09) The ACORD name and logo are registered marks of ACORD

CITY OF WHITE SULPHUR SPRINGS
WATER REVENUE BONDS,
SERIES 2011 A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2011 B (WEST VIRGINIA DWTRF PROGRAM)

3.14

RECEIPT OF PAYMENT OF SERIES 2009 A BONDS

The undersigned duly authorized representative of the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, the registered owner of the Water Design Revenue Bonds, Series 2009 A (West Virginia DWTRF Program) (the "Bonds"), of the City of White Sulphur Springs (the "Issuer"), dated June 12, 2009, in the original aggregate principal amount of $625,000, hereby certifies that it has received the sum of $569,442.09 from the Issuer and that such sum is sufficient to pay the entire outstanding principal amount of the Bonds and all accrued interest thereon to the date hereof and discharge the liens, pledges and encumbrances securing the Bonds.

Dated this 14th day of April, 2011.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

Carol A. Cummings
Authorized Representative

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

CLOSING MEMORANDUM

3.15

To: **Debbie Fogus**
Robert DeCrease/Jeff Brady
Carol Cummings/Emily Spradling
Sara Boardman

From: **Samme Gee**

Date: **April 14, 2011**

Re: **City of White Sulphur Springs**
Water Revenue Bonds, Series 2011 A
(West Virginia DWTRF Program) and
Water Revenue Bonds, Series 2011 B
(West Virginia DWTRF Program)

1. DISBURSEMENTS TO CITY

Payor:	West Virginia Bureau of Public Health
Source:	Series 2011 B Bonds Proceeds
Amount:	$136,523.97
Date:	April 14, 2011
Form:	Wire
Receiver Bank:	The Banker's Bank of Kentucky Frankfort
Receiver ABA:	0839-0189-6
Payee:	City of White Sulphur Springs
Beneficiary Bank:	First National Bank of Ronceverte
Bank Contact:	Jessica Anderson (304) 536-2224
Bank Address:	One Cedar Street, Ronceverte, WV 24970
Beneficiary Bank Account Number:	051501558
Account:	Series 2011 Bonds Construction Trust Fund
Construction Trust Fund Account Number:	723975

{C1996803.1}

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

Payor:	West Virginia Bureau of Public Health on behalf of the City
Source:	Series 2011 B Bonds Proceeds
Amount:	$569,442.09
Date:	April 14, 2011
Form:	Wire Transfer
Payee:	West Virginia Municipal Bond Commission
Bank:	Branch Banking & Trust Company, Charleston, WV
Bank Address:	500 Lee St., Charleston, WV 25301
ABA No.:	051503394
Account No.:	5270517317
Contact:	West Virginia State Treasurer for West Virginia Municipal Bond Commission
Account:	Series 2009 A Bonds Sinking Fund, to pay the City of White Sulphur Springs Water Design Revenue Bonds, Series 2009 A (West Virginia DWTRF Program

PWSID#: WV3301314

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

PROJECT: (Water) Water System Upgrade **PERMIT NO.:** 18,513

LOCATION: White Sulphur Springs **COUNTY:** Greenbrier **DATE:** 3-15-2010

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, West Virginia 24986

is hereby granted approval to: install approximately 2,330 LF of 12", 6,157 LF of 8", 21,396 LF of 6", 8,575 LF of 4" and 21,540 LF of 2" water line and all necessary valves and appurtenances. The existing City of White Sulphur Springs water treatment plant will be upgraded and expanded from a 750 GPM plant to a 1,200 GPM plant with major improvements to consist of: removal of the existing lime feed system, catalytic reactor and two gravity filters; addition of two (2) 600 GPM catalytic reactors, two (2) 600 GPM (150 SF) filters and two (2) carbon dioxide systems; chemical feed and storage for gas chlorination, fluoride and carbon dioxide; two (2) 600 GPM high service pumps with VFD, renovations to the existing treatment plant building; two (2) steel buildings; expansion of the existing clearwell; and all necessary piping, valves, controls, electrical, heating & cooling facilities; process equipment; and appurtenances.

NOTE: **This permit is contingent upon: 1) All new water lines being disinfected, flushed and bacteriologically tested, prior to use; and 2) Installing a blow-off valve at the end of all "deadend" lines.**

The Environmental Engineering Division of the **OEHS Beckley District Office (304) 256-6666** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:snj

pc: Ghosh Engineers, Inc.
James W. Ellars, P.E., PSC
Amy Swann, PSC
Greenbrier County Health Department
OEHS-EED Beckley District Office

EW-100
01/06/2010

Office Use Only

Date Received	2-10-10
Date Approved	3-15-10
Approved by	WJG
Permit Number	18513

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Services
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, West Virginia 25301-1798
Telephone 304-558-2981 Fax 304-558-0691

PUBLIC WATER SUPPLY SYSTEM APPLICATION
FOR A PERMIT TO CONSTRUCT, ALTER, OR RENOVATE
(Please Prepare in 4 Copies)

APPLICANT: City of White Sulphur Springs

STREET OR PO BOX: 34 West Main Street,

CITY: White Sulphur Springs STATE: WV ZIP: 24986

TELEPHONE: 304-536-1454 E-MAIL: wss34@suddenlinkmail.com

ENGINEERING FIRM: Ghosh Engineers, Inc.

STREET OR PO BOX 4710 Suite A Chimney Dr TELEPHONE: 304-343-5300

CITY: CHarleston STATE: WV ZIP: 25302

TELEPHONE: 304-343-5300 E-MAIL: paulghosh@hotmali.com

IN ACCORDANCE WITH TITLE 64, SERIES 3, PUBLIC WATER SUPPLY REGULATIONS OF THE WEST VIRGINIA DIVISION OF HEALTH, WE HEREBY MAKE APPLICATION TO CONSTRUCT, ALTER, OR RENOVATE AS FOLLOWS:

Signature of Applicant or Authorized Agent

3-10-10
Date

NOTE: A $300 application fee must accompany a permit application ($150 application fee for a water well permit application). Make check or money order payable to *"West Virginia Department of Health and Human Resources"*. Cash not accepted. Permit applications which include both water and sewer systems require only a single $300 fee.

EG-5
03/08/2005

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bureau for Public Health
Office of Environmental Health Services
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, West Virginia 25301-1798
Telephone: 304-558-2981 Fax: 304-558-0691

WATER SYSTEM DESIGN INFORMATION AND DATA SHEET

Complete all portions of the Design Data Sheet applicable to the project. Omission of required information will result in the application being denied. When both sewer system and water system are to be constructed, Design Data Sheets for both sewage and water must be completed and attached to the application.

Applicant: City of White Sulphur Springs

Project Location: White Sulphur Springs

County: Greenbrier

Number of customers: 2,200 or Estimated population or population equivalent served _____

Number of home sites _____ Number of mobile home sites _____

Estimated peak flow _____ gpm

Minimum consumer pressure (static/residual) _____ / 20 psi

Source of Supply: City of White Sulphur Springs Water Treatment Plant
(name of utility)

Municipal ✔ Public Service District _____ Private Well _____

Other _____
(specify)

Pressure at connection to public supply (static/residual) _____ / _____ psi

Capacity of well, if applicable _____ gpm

Type of system Gravity ✔ Hydropneumatic _____

Other _____
(specify)

Length of water lines of each size: See Attachment

YES	NO	
	✔	Details of well construction attached
✔		Fire hydrants to be installed (hydraulic calculations must be included)
	✔	Storage tank required Size of tank _____ gallons
		Elevation of top and bottom of storage tank _____ / _____
	✔	Booster station required Size of station _____ gpm
	✔	Pressure reducing station required
✔		Details of water treatment equipment (if applicable)
✔		Chlorination Contact time _____ minutes

✔ Location of existing and proposed water lines, valves, storage tanks, meter stations, pressure reducing stations, booster stations and water treatment facilities.

✔ Location and size of existing and proposed sewer lines, manholes, cleanouts, sewage lift stations and sewage treatment facilities.

✔ Plans, in addition to the site plans, provide plans of all new and existing water treatment facilities; new booster stations, meter stations; pressure reducing stations; and storage tanks, with dimensions (lengths, heights, widths, areas, volumes and elevations, including the 100 year flood elevation.)

Report and Specifications

✔ Provide a report and specifications setting forth:

- ✔ General description of the proposed project and location.
- ✔ Number of units to be served and possible expansion of the facility.
- ✔ Specifications of all new water treatment equipment and structures.
- ✔ Specifications of pipe, valves, booster stations, storage tanks, meter stations, and pressure reducing stations.
- ✔ Hydraulic calculations for the water distribution system. (Note that a minimum 20 psi pressure must be maintained in the distribution system under all flow conditions, including fire flows plus peak demand flows.)
- ✔ 100-year flood elevations.

Documentation

✔ Provide documentation consisting of:

- ✔ Letter granting permission to connect to public or privately owned water distribution system when such is the proposal.
- ✔ Legal document (rights of way or easements) granting permission to cross land of adjacent property owners with water lines. This is not required if the applicant has the right of eminent domain.
- ✔ Contract documents, if the project is to be bid, particularly if the project has WV Infrastructure and Jobs Development Council funding or WV Bureau For Public Health Drinking Water Revolving Fund funding.
- ✔ Documentation from a municipality or public service district if they are going to assume responsibility for the long term operation and maintenance of the water facilities (Not required, if the applicant is a municipality or public service district).
- _____ If the water facilities are **not** going to be operated and maintained by a municipality or public service district, **will require**:
  - _____ Articles of Incorporation and By-Laws of a Property Owners Association, particularly where lots or housing units are sold, such as in a subdivision or townhouse complex, **or**
  - _____ Articles of Incorporation of a Private Utility regulated by the WV Public Service Commission, **or**
  - _____ Legal document (notarized) stating who shall be responsible for the operation and maintenance of the water facilities, if the project being served by the water facilities will be owned by the owner of the water facilities. (Examples would be a mobile home park, travel trailer park, rental apartment complex, school, campground, church, restaurant, shopping complex or office building.)

EW-77C
03/08/2005

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Services
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, West Virginia 25301-1798
Phone (304) 558-2981 Fax (304) 558-0691

WATER TREATMENT AND/OR DISTRIBUTION SYSTEMS
Forms and Required Information

Please read carefully and submit FOUR (4) COPIES of the required information. Omission of any of the required information will result in needless delay. **PLEASE ENCLOSE A CHECK for the application fee in the amount of $300, payable to *WV Department of Health and Human Resources.***

PROJECT NAME: City of White Sulphur Springs

COUNTY: Greenbrier DATE: February 8, 2010

APPLICATION FORMS AND DESIGN DATA SHEETS

Forms

✔ Completed Form EW-100
____ Completed Form EW-100, Addendum-Capacity Development Questionnaire
✔ Completed Form EG-5 and/or Engineering Report With Calculations
____ Completed Mobile Home Park Forms EG-1 & EG-2, if applicable

REQUIRED INFORMATION TO ACCOMPANY APPLICATION

Location Maps

✔ US Geological Survey (USGS) topographic map or county road map showing the project location (8½" x 11" photocopy is acceptable).

Plans

✔ Plans **must be signed and sealed** by a WV Registered Professional Engineer.
____ Scale for plan view of water lines: 1"=200' or less.
✔ Size of plans: Plans shall not be less than 18" x 24" in size, nor greater than 27" x 40", for microfilming purposes. Recommend 24" x 36" plans.
✔ Provide a site plan showing:
- ✔ Layout with dimensions and property lines.
- ____ Proposed home sites, mobile home sites, camping trailer or camp sites, schools, or other buildings.
- ____ Location of and distances to known water intakes or wells.

CITY OF WHITE SULPHUR SPRINGS

Water System Improvements Project - Contracts 1, 2 & 3

ADVERTISEMENT FOR BIDS

Sealed bids for City of White Sulphur Springs Water System Improvements Project will be received by the City of White Sulphur Springs City Hall, 34 West Main Street, White Sulphur Springs, West Virginia, 24986 until 2:00 p.m. on _____ 2010 and then they will be publicly opened and read aloud.

The Water System Improvements Project is primarily within the city limits, and at the existing Water Treatment Plant, both being located in Greenbrier County, West Virginia.

Contract 1

This contract is to upgrade the capacity of the existing Water Treatment Plant from 750 gallons per minute to 1,200 gallons per minute. The contract includes removal of the existing lime feed system, catalytic reactor and two gravity filter and replace them with two (2) catalytic reactors, two (2) carbon dioxide systems and two (2) gravity filters in the same building. Additional work involves expansion of the existing clearwell, new high service pumps, renovations to the existing chlorination and fluoridation systems and renovations to the treatment plant building.

Contract 2

This contract includes approximately 34,850 lf of PVC and DIP waterlines of various sizes between 2" and 12" diameter, 300 LF of steel casing of various sizes (bore & jack), 3,100 LF 3/4" PE service line, 84 ea of valves of various sizes between 2" and 12", 10 blow-off valves, 49,000 lf of 2" thick asphalt overlay, 33,000 lf of milling etc., within the City of White Sulphur Springs's existing water system primarily within the city limits.

Contract 3

This contract includes approximately 20,000 lf of PVC and DIP waterlines of various sizes between 2" and 12" diameter, 645 LF of steel casing of various sizes (bore & jack), 3,100 LF 3/4" PE service line, 54 ea of valves of various sizes between 2" and 12", 6 blow-off valves, 10,600 lf of 2" thick asphalt overlay, 900 lf of milling etc., within the City of White Sulphur Springs's existing water system primarily within the city limits.

Plans and Contract Documents may be examined at the following locations:

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

4.1(A)

April 14, 2011

City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986

West Virginia Bureau of Public Health
1 Davis Square, Suite 200
Charleston, WV 25311

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

Re: City of White Sulphur Springs
Water Revenue Bonds, Series 2011 A
(West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the City of White Sulphur Springs ("the Issuer"), a municipal corporation, in connection with the issuance of its Water Revenue Bonds, Series 2011 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated April 14, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau of Public Health (the "BPH"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $4,252,750, in the form of one bond, registered to the Authority, bearing no interest, and subject to principal forgiveness on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2012, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 16, Article 13C of the 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 water 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 adopted by the Issuer on March 21, 2011, effective April 11, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 11, 2011 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the 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 in 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 organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, 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 BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. 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 Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Refunding Revenue Bonds, Series 2003 (as defined in the Ordinance) and the Issuer's Water Revenue Bonds, Series 2011 A (issued simultaneously herewith), all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof. The Bonds bear no interest.

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

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

Very truly yours,

Jackson Kelly PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

4.1(B)

April 14, 2011

City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986

West Virginia Bureau of Public Health
1 Davis Square, Suite 200
Charleston, WV 25311

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

Re: City of White Sulphur Springs
Water Revenue Bonds, Series 2011 B
(West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the City of White Sulphur Springs ("the Issuer"), a municipal corporation, in connection with the issuance of its Water Revenue Bonds, Series 2011 B (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated April 14, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau of Public Health (the "BPH"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $8,000,000, in the form of one bond, registered as to principal and interest to the Authority, bear no interest, and with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2012, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

Clarksburg, WV • Martinsburg, WV • Morgantown, WV • Wheeling, WV
Denver, CO • Lexington, KY • Pittsburgh, PA • Washington, DC

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the Series 2009 A Bonds; (ii) paying the costs of acquisition and construction of certain additions, betterments and improvements to the water system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly adopted by the Issuer on March 21, 2011, effective April 11, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 11, 2011 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the 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 in 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 organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, 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 BPH and cannot be amended so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. 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 Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Refunding Revenue Bonds, Series 2003 (as defined in the Ordinance) and the Water Revenue Bonds, Series 2011 A (issued simultaneously herewith), all in accordance with the terms of the Bonds and the Ordinance.

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

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

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

Very truly yours,

Jackson Kelly PLLC

STEVE HUNTER ASSOCIATES, l.c.
ATTORNEYS AT LAW

209 North Court Street
Lewisburg, WV 24901
304-645-4622

Fax 304-645-4064

vet345@hotmail.com

April 14, 2011

City of White Sulphur Springs
34 West Main Street
White Sulphur Springs, WV 24986

West Virginia Bureau of Public Health
1 Davis Square, Suite 200
Charleston, WV 25311

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

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

Re: City of White Sulphur Springs
Water Revenue Bonds, Series 2011 A
(West Virginia DWTRF Program) and
Water Revenue Bonds, Series 2011 B
(West Virginia DWTRF Program)

Ladies and Gentlemen:

I am City Attorney for the City of White Sulphur Springs in Greenbrier County, West Virginia (the "Issuer"). As such City Attorney, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds, dated April 14, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Bureau of Public Health (the "BPH"), a Bond Ordinance duly adopted by the Issuer on March 21, 2011, effective April 11, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 11, 2011 (collectively, the "Ordinance"), and other documents relating to the Bonds. All

capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance when used herein.

I am of the opinion that:

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

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

3. The Mayor, Recorder and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the 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 or default under any ordinance, resolution, order, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the 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 orders, consents, certificates and approvals from the BPH, the West Virginia Infrastructure and Jobs Development Council 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 rate ordinance was enacted June 8, 2010, and the rate ordinance is non-appealable. The Issuer has received the Recommended Decision of the Administrative Law Judge entered on January 14, 2011, as made final by the PSC on February 3, 2011, in Case No. 10-1513-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the

Order has expired prior to the date hereof without any appeal having been filed. The Order remains in full force and effect.

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

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

CITY ATTORNEY

STEVE HUNTER ASSOCIATES, l.c.
ATTORNEYS AT LAW

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April 14, 2011

Bureau of Public Health
1 Davis Square, Suite 200
Capitol and Washington Sts.
Charleston, WV 25301-1798

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1751

Re: City of White Sulphur Springs Water Project
IJDC Project No.: **2008W01021**
SRF Project No. **10DWTRFA002**

Ladies and Gentlemen:

This firm represents City of White Sulphur Springs with regard to a proposed project to construct replacement water lines, tanks and upgrade treatment plant (the "Project"), and provides this preliminary title opinion on behalf of the City water board to satisfy the requirements of the West Virginia Drinking Water Treatment Revolving Loan Fund Program (the "Program") with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the City is a duly created and existing public corporation possessed with all the powers and authority granted to municipal/public corporations under the laws of the State of West Virginia and through its water board has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the City water board has obtained all necessary permits and approvals for the construction of the Project excluding Department of Highways, permit applications for which have been submitted to the appropriate agencies.

3. That I have investigated and ascertained the location of and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Ghosh Engineering, the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Greenbrier County West Virginia, the county in which the Project is to be located, and, in my opinion, the City water board has acquired legal title or such other estate or interest in the necessary site components for the Project, One Hundred Percent (100%)of the 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 facilities to be constructed.

5. That all deeds, Orders or other documents which have been acquired to date by the City have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the municipality.

6. The City authorized the engineer to obtain from the West Virginia Department of Highways approval for a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this final title opinion, please contact this office.

Sincerely,

J. Steven Hunter
Legal Counsel

cc: Samme L. Gee, Esquire