

TOWN OF OCEANA

\$407,357.00

Water Revenue Bond, Series 2022A

TRANSCRIPT OF PROCEEDINGS

Closing Date: June 28, 2022



TOWN OF OCEANA

\$407,357.00

Water Revenue Bond, Series 2022 A

CLOSING CHECKLIST

**Doc
No.**

Basic Documents

1. County Commission of Wyoming County
 - a. Order Approving the Conveyance of the Kopperston Public Service District Water System to the Town of Oceana and Dissolving Kopperston Public Service District

2. Town of Oceana
 - a. Ordinance Approving the Town of Oceana's Acquisition of Kopperston Public Service District Water System
 - b. Bond Ordinance of the Town of Oceana
 - c. Ordinance Adopting the Water Rates of Kopperston Public Service District for former Customers of Kopperston Public Service District
 - d. Supplemental Resolution regarding the Town of Oceana Water Revenue Bonds, Series 2018 B
 - e. Second Supplemental Resolution regarding the Town of Oceana Water Revenue Bonds, Series 2022 A
 - f. Affidavit of Publication of Abstract of Ordinance and Notice of Public Hearing
 - g. Minutes of Meetings
 - h. Direction to Authenticate and Deliver Bonds
 - i. Re-Designated Specimen Bond

3. Kopperston Public Service District
 - a. Resolution Authorizing the Conveyance of Kopperston Public Service District Water System to the Town of Oceana
 - b. Affidavit of Publication regarding Notice of Public Hearing
 - c. Minutes of Meeting
4. Public Service Commission Order Approving the Dissolution of Kopperston Public Service District and the Acquisition by the Town of Oceana of Kopperston Public Service District's Water System

Documents of the Town of Oceana

5. Charter
6. Oaths of Office of Officers and Council Members
7. Rules of Procedure
8. General Certificate

Documents of Kopperston Public Service District

9. Order of The County Commission of Wyoming County Creating Kopperston Public Service District
10. Oaths of Office of Board Members
11. Minutes of Organizational Meeting
12. Rules of Order and Procedure
13. PSC Order approving Water Rates
14. General Certificate

Documents of Conveyance

15. Acquisition Agreement
16. Deed from Kopperston Public Service District
17. Bill of Sale of Kopperston Public Service District
18. Assignment of Easements of Kopperston Public Service District
19. Assignment of Judgments of Kopperston Public Service District
20. Evidence of Insurance

Bond Documents

21. Certificate of Certified Public Accountant
22. Consent of West Virginia Water Development Authority
23. Sweep Resolution between Town of Oceana and West Virginia Municipal Bond Commission
24. Kopperston Public Service District Certificate as to Compliance with Tax Certificate of Kopperston Public Service District
25. Town of Oceana Certificate as to Compliance with Tax Certificate
26. Acceptance of Duties as Registrar
27. Certificate of Registration of Bonds
28. Registrar's Agreement
29. Municipal Bond Commission New Issue Report

Opinions of Counsel

30. Approving Opinion of Spilman Thomas & Battle, PLLC, Bond Counsel
31. Opinion of Counsel to Town of Oceana
32. Opinion of Counsel to Kopperston Public Service District

Miscellaneous Documents

33. Cancelled Kopperston Public Service District Water Revenue Bonds, Series 1996

THE COUNTY COMMISSION OF WYOMING COUNTY, WEST VIRGINIA

**AN ORDER APPROVING THE CONVEYANCE OF THE
KOPPERSTON PUBLIC SERVICE DISTRICT WATER
SYSTEM TO THE TOWN OF OCEANA AND DISSOLVING
KOPPERSTON PUBLIC SERVICE DISTRICT**

WHEREAS, Kopperston Public Service District (the "District") is a public service district and a public corporation created by order of the County Commission of Wyoming County (the "Wyoming County Commission") pursuant to the provisions of Chapter 16, Article 13A of the W. VA. Code of 1931, as amended;

WHEREAS, the District currently provides water distribution service to approximately 428 customers in Wyoming County pursuant to certificates of convenience and necessity issued by the Public Service Commission of West Virginia ("PSC");

WHEREAS, the District's water facilities consist of two (2) 150,000 gallon water storage tanks, two (2) pump stations, approximately 53,000 linear feet of 2", 4", 6" and 8" waterline, 29 fire hydrants and necessary appurtenances ("Water System");

WHEREAS, the Town of Oceana ("Oceana") is a municipal water utility and currently provides water treatment and distribution services to approximately 1,219 water customers within the corporate limits of the Town and its environs in the surrounding unincorporated area, including the District as a resale customer, pursuant to certificates of convenience and necessity issued by the PSC;

WHEREAS, Oceana and the District are parties to a Revised Operation and Maintenance Agreement, whereby Oceana sells to the District all of the District's water needs to serve its water customers, and operates and maintains the District's system, said Agreement amended by the PSC in Case Nos. 14-1974-W-C and 16-0315-W-C;

WHEREAS, the District desires to convey the Water System to Oceana, and Oceana is willing to acquire from the District the Water System in order to provide water service to the District's current customers ("Acquisition"), all on the terms and conditions to be set forth in an Acquisition Agreement between Oceana and the District;

WHEREAS, pursuant to the provisions of W. Va. Code § 16-13A-18a, the District must obtain the approval of the county commission of the county in which it operates prior to conveying its system to another utility;

WHEREAS, on May 14, 2018, following due notice and hearing pursuant to W. Va. Code § 16-13A-18a, the members of the Kopperston Public Service District Board deemed it essential and in the best interests of the District's customers to convey the Water System to Oceana, and

adopted a resolution authorizing the conveyance of the Water System to Oceana pursuant to an Acquisition Agreement, subject to the approvals of the County Commission of Wyoming County, the PSC, and the holders of the District's bonds;

WHEREAS, the District currently has outstanding its Water Revenue Bonds, Series 1996, dated September 20, 1996, issued in the original aggregate principal amount of \$644,000 ("Bonds");

WHEREAS, as part of the Acquisition, Oceana will assume or pay off the Bonds;

WHEREAS, the District has requested that the County Commission enter an Order approving the conveyance of the Water System by the District to Oceana, subject to the approval of the PSC and the holders of the District's bonds;

WHEREAS, the County Commission believes that the conveyance of the Water System by the District to Oceana is in the best interests of the District and will promote the public health, comfort and convenience of the customers of the Water System;

WHEREAS, upon completion of the District's conveyance of the Water System to Oceana, and Oceana's acquisition of the Water System from the District, the District should be dissolved and thereafter cease to exist.

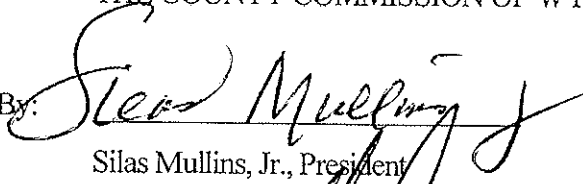
NOW THEREFORE, BE IT ORDERED BY THE COUNTY COMMISSION OF WYOMING COUNTY:

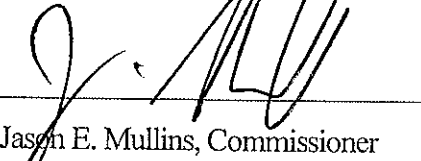
1. The County Commission, after careful consideration, hereby finds that the conveyance of the Water System by the District to Oceana is in the best interests of the customers of the Water System and as such is in the public interest.
2. The County Commission further finds that the Acquisition is in the public interest as it serves the public purpose of the District and will promote the health, comfort and convenience of the customers of the Water System.
3. The conveyance of the Water System from the District to Oceana is hereby approved.
4. Upon the date that Oceana's acquisition of the Water System is complete, the District shall be dissolved and cease to exist.


5. This Order shall become effective immediately upon entry.

Entered this 16th day of May, 2018.

THE COUNTY COMMISSION OF WYOMING COUNTY

By: 
Silas Mullins, Jr., President

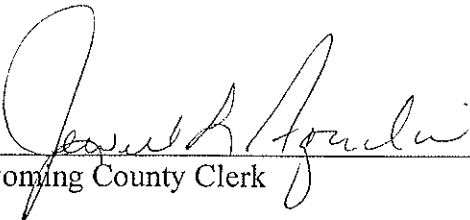
By: 
Jason E. Mullins, Commissioner

By: 
Samuel Muscari, Sr., Commissioner

CERTIFICATION

Certified a true copy of an Order duly adopted by the County Commission of Wyoming County on May 16, 2018.

Dated: May 16, 2018



Wyoming County Clerk

TOWN OF OCEANA, WEST VIRGINIA

**ORDINANCE APPROVING THE TOWN OF OCEANA'S ACQUISITION
OF THE KOPPERSTON PUBLIC SERVICE DISTRICT'S WATER
SYSTEM, APPROVING THE ACQUISITION AGREEMENT,
AND APPROVING THE FILING OF A JOINT PETITION REQUESTING
THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
APPROVE THE ACQUISITION**

WHEREAS, the Town of Oceana (the "Town") is a municipal corporation, and a political subdivision of the State of West Virginia, and in accordance with the provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, is the owner of a municipally operated public utility providing water service to customers both within and without the corporate limits of the Town, consisting of a water treatment plant, pump stations, transmission and distribution mains, storage tanks, hydrants, meters, and all other appurtenances, extensions, improvements and betterments necessary, appropriate, useful, convenient or incidental for the distribution and treatment of water (the "System");

WHEREAS, Kopperston Public Service District ("KPSD") owns certain water transmission and distribution facilities (the "KPSD Water System");

WHEREAS, the Town sells treated water to KPSD which KPSD uses to serve its customers;

WHEREAS, the Town, pursuant to a Revised Operation & Maintenance Agreement between the Town and KPSD, provides all necessary operation and maintenance services necessary on the KPSD Facilities, including repairs and replacements, meter reading, billing and collection;

WHEREAS, KPSD has no employees, owns no equipment, and does not provide operation and maintenance services or billing and collection services related to its Facilities;

WHEREAS, on May 14, 2018, following due notice and hearing pursuant to W. Va. Code § 16-13A-18a, the members of the KPSD Board deemed it essential and in the best interests of KPSD's customers to convey the KPSD Water System to the Town, and adopted a resolution authorizing the conveyance of the KPSD Water System to the Town pursuant to an Acquisition Agreement, subject to the approvals of the County Commission of Wyoming County, the Public Service Commission of West Virginia (the "PSC"), and the holders of KPSD's bonds;

WHEREAS, the County Commission of Wyoming County, on May 16, 2018, pursuant to W. Va. Code § 16-13A-18a, after careful consideration of the public health, comfort and convenience of the citizens of Wyoming County, entered an Order approving the conveyance of the KPSD Water System to the Town, holding that the conveyance is in the best interests of the customers of the KPSD Water System and as such is in the public interest as it will promote the health, comfort and convenience of the customers of the KPSD Water System, and holding that upon the date that the Town's acquisition of the KPSD Water System is

complete, KPSD shall be dissolved and cease to exist;

WHEREAS, the Town believes that the Town's acquisition of the KPSD Water System is in the best interests of the citizens of the Town; and

WHEREAS, the Town believes that the Town's acquisition of the KPSD Water System is in the best interests of the citizens of Kopperston.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the municipality of Oceana, Wyoming County, West Virginia:

SECTION 1. That acquisition of the KPSD Water System by the Town, upon the PSC's approval of KPSD's conveyance of the Water System to the Town, and subject to bondholder approval, is approved.

SECTION 2. That the attached Acquisition Agreement providing for said acquisition is approved.

SECTION 3. That the Mayor of the Town be, and he hereby is, authorized to execute the attached Acquisition Agreement.

SECTION 4. That the Town join with KPSD in petitioning the PSC for approval of the Town's acquisition of the KPSD Water System.

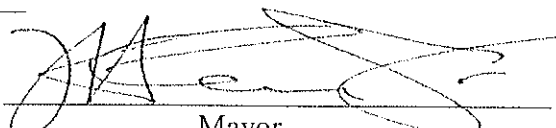
SECTION 5. This Ordinance shall be effective immediately upon adoption.

Date of first reading: June 14, 2018

Passed Failed by Vote of Yes 5 No 0
Abstain 0 Absent 0


Date of second reading and adoption: July 12, 2018

Passed Failed by Vote of Yes 5 No 0
Abstain 0 Absent 0



Mayor

ATTEST:



City Recorder

BOND ORDINANCE

TOWN OF OCEANA, WEST VIRGINIA

ASSUMPTION OF THE

**KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE
BONDS, SERIES 1996**

AND

RE-DESIGNATION AND REPLACEMENT AS

TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B

ORDINANCE AUTHORIZING THE ASSUMPTION OF \$644,000 KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996 AND RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS AS “TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B” PURSUANT TO THE ACQUISITION AGREEMENT TO BE ENTERED INTO BETWEEN THE TOWN OF OCEANA AND KOPPERSTON PUBLIC SERVICE DISTRICT BY WHICH THE TOWN OF OCEANA WILL ACQUIRE KOPPERSTON PUBLIC SERVICE DISTRICT’S WATER TRANSMISSION AND DISTRIBUTION FACILITIES; AUTHORIZING THE ASSUMPTION OF THE BOND DOCUMENTS RELATED TO THE KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996; PROVIDING FOR THE RIGHTS AND REMEDIES OF SUCH BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES AND THE TAKING OF ALL OTHER ACTIONS RELATING TO THE ASSUMPTION AND RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS.

WHEREAS, the Town of Oceana (the “Town”) is a municipal corporation, and a political subdivision of the State of West Virginia, and in accordance with the provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the “Act”), is the owner of a municipally operated public utility providing water service to customers both within and without the corporate limits of the Town, consisting of a water treatment plant, pump stations, transmission and distribution mains, storage tanks, hydrants, meters, and all other appurtenances, extensions, improvements and betterments necessary, appropriate, useful, convenient or incidental for the distribution and treatment of water (the existing public waterworks system of the Town and any further extensions, additions, betterments and improvements thereto are herein called the “Oceana Water System”);

WHEREAS, Kopperston Public Service District (“KPSD”) owns certain water transmission and distribution facilities (the “KPSD System” and together with the Oceana Water System, the “System”);

WHEREAS, on May 14, 2018, following due notice and a public hearing pursuant to W. Va. Code §16-13A-18a, the members of the KPSD Board deemed it essential and in the best interests of KPSD’s customers to convey the KPSD System to the Town, and adopted a resolution authorizing the conveyance of the KPSD System to the Town pursuant to an Acquisition Agreement between the Town and KPSD (the “Acquisition Agreement”), subject to the approvals of the County Commission of Wyoming County (the “County Commission”), the Public Service Commission of West Virginia (the “PSC”), and the holders of KPSD’s outstanding bonds;

WHEREAS, on May 16, 2018, pursuant to W. Va. Code §16-13A-18a, the County Commission, after careful consideration of the public health, comfort and convenience of the citizens of Wyoming County, entered an Order approving the conveyance of the KPSD System to the Town, holding that the conveyance is in the best interests of the customers of the KPSD System and as such is in the public interest because it will promote the health, comfort and convenience of the customers of the KPSD System, and holding that upon the date that the Town’s acquisition of the KPSD System is complete, KPSD shall be dissolved and cease to exist;

WHEREAS, on July 12, 2018, the Town adopted an ordinance approving the acquisition of the KPSD System (the “Acquisition”) and finding that the Acquisition is in the best interests of the citizens of the Town and the citizens of Kopperston;

WHEREAS, the PSC, by Order entered October 10, 2018, approved the Acquisition pursuant to the terms of the Acquisition Agreement and, upon closing of the Acquisition, the dissolution of KPSD;

WHEREAS, KPSD has one series of bonds outstanding, specifically its Kopperston Public Service District Water Revenue Bonds, Series 1996, dated September 20, 1996 issued in the original aggregate principal amount of \$644,000 and currently outstanding in the amount of \$458,033 (the “KPSD Bonds”); and

WHEREAS, as consideration for the Acquisition, the Town will assume the KPSD Bonds pursuant to the terms of the Acquisition Agreement and re-designate and replace the KPSD Bonds as “Town of Oceana Water Revenue Bonds, Series 2018 B” (the “Series 2018 B Bonds”) the form of which is attached hereto as Exhibit A (the “Bond Assumption”).

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the municipality of Oceana, Wyoming County, West Virginia:

ARTICLE I

AUTHORITY, AUTHORIZATION TERMS, EXECUTION, REGISTRATION AND ASSUMPTION OF KPSD BONDS; ASSUMPTION OF KPSD BOND DOCUMENTS

SECTION 1.1. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the “Ordinance”) is

adopted and enacted pursuant to and in accordance with the provisions of the Act and other applicable provisions of law.

SECTION 1.2. Findings. It is hereby found, determined and declared that:

A. The Town is a municipal corporation and political subdivision of the State of West Virginia in Wyoming County of said State.

B. It is deemed necessary and desirable for the Town to provide for the Acquisition and the Bond Assumption and re-designation of the KPSD Bonds as the Town of Oceana Water Revenue Bonds, Series 2018 B.

C. KPSD is current on its payments on the KPSD Bonds.

D. It is in the best interests of the Town that the Series 2018 B Bonds continue to be held by the Authority pursuant to the terms and provisions of a Loan Agreement dated September 20, 1996 by and between the KPSD and the Authority (the "Loan Agreement"), which Loan Agreement, as well as the other KPSD Bond Documents, shall be assumed by the Town contemporaneously with the Acquisition and the Bond Assumption, and which assumption is specifically approved hereby.

E. There are outstanding obligations of the Town which will rank on a parity with the Series 2018 B Bonds as to liens, pledge, source of and security for payment, being the Town's:

(1) Water Revenue and Refunding Bonds, Series 1996, dated September 20, 1996, issued to the West Virginia Water Development Authority in the original aggregate principal amount of \$2,172,800 (the "Series 1996 Bonds");

(2) Waterworks System Design Revenue Bonds, Series 2017 A (West Virginia DWTRF Program), dated December 6, 2017, issued to the West Virginia Water Development Authority in the original aggregate principal amount of \$300,000 (the "Series 2017 A Bonds"); and

(3) Water Revenue Bonds, Series 2018 A (West Virginia DWTRF Program), dated September 26, 2018, issued to the West Virginia Water Development Authority in the original aggregate principal amount of \$450,000 (the "Series 2018 A Bonds" and collectively with the Series 1996 Bond and the Series 2017 A Bonds, the "Prior Bonds").

F. Prior to the Bond Assumption, the Town will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the KPSD Bonds to the assumption and re-designation of the KPSD Bonds on a parity with the Prior Bonds. The Town is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances (as hereinafter defined).

G. The estimated revenues to be derived in each year after completion of the Acquisition and Bond Assumption from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2018 B Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

H. The Town has complied with all requirements of West Virginia law and the KPSD Bond Documents, relating to authorization of the Acquisition and the Bond Assumption, or will have so complied prior to the assumption and re-designation of the KPSD Bonds or any thereof, including, among other things, the approval of the Acquisition and the Bond Assumption by the PSC and the Bondholder.

SECTION 1.3. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2018 B Bonds by the Registered Owners of the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2018 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

SECTION 1.4. Capitalized Terms. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2018 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

“Authorized Officer” means the Mayor of the Town, or any other officer of the Town specifically designated by resolution of the Council.

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

“Bond Registrar” means the bank or other entity to be designated as such in the Supplemental Resolution of the Town.

“Bonds” means, collectively, the Series 2018 B Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Town.

“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.

“Certificate of Authentication and Registration” means the certificate of authentication and

registration on the Series 2018 B Bonds in substantially the form attached hereto as Exhibit A.

“Closing Date” means the date upon which the KPSD System is transferred to the Town and the KPSD Bonds are assumed and re-designated by the Town.

“Code” means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

“Council” means the Town Council of the Town, as it may now or hereafter be constituted.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Series 2018 B Bonds, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

“Excess Investment Earnings” means an amount equal to the sum of

(A) The excess of

(1) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 2018 B Bonds are invested (other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings), over

(2) The amount that would have been earned if the Yield on such Nonpurpose Investments (other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings) had been equal to the Yield on the Series 2018 B Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

“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.

“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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i). which are irrevocably pledged for such purposes.

“Gross Proceeds” means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for KPSD as a result of the sale of the KPSD Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 2018 B Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Town, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 2018 B Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Series 2018 B Bonds ratably as original proceeds of the Series 2018 B Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 2018 B Bonds, which are held in any fund to the extent that the Town reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Series 2018 B Bonds Reserve Account and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 2018 B Bonds by the Town;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 2018 B Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

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

“Herein,” “hereto” and similar words shall refer to this Ordinance.

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

“Investment Property” means any security (as said term is defined in Section I 65(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code for federal income tax purposes.

“KPSD Bond Documents” means the financing documents entered into in connection with the purchase of the KPSD Bonds by the Authority, including but not limited to the Bond and Line of Credit Resolution adopted by the Public Service Board of KPSD on September 19, 1996, the Supplemental Resolution adopted by the Public Service Board of KPSD on September 19, 1996, the Loan Agreement, and the Certificate as to Non-Arbitrage dated September 20, 1996, as the same may be amended, supplemented or otherwise modified from time to time.

“Mayor” means the Mayor of the Town.

“Net Proceeds” means the face amount of the Series 2018 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2018 B Bonds Reserve Account.

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

“Nonpurpose Investment” means any Investment Property which is acquired with the Gross Proceeds of the Series 2018 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2018 B Bonds.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs of the project financed by the KPSD Bonds, the fees and expenses

of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as herein defined), 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 or theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar or Registrar for the 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 herein; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or Holders of any Bonds or Prior Bonds registered to the Town.

“Parity Bonds” means Parity Bonds issued under the provisions and within the limitations prescribed by Section 5.7 hereof.

“Paying Agent” means the Commission or such other entity or authority as may be designated as a Paying Agent by the Town in the Supplemental Resolution with the written consent of the Authority.

“Prior Ordinances” means the ordinances of the Town, as supplemented by the supplemental resolutions of the Town, authorizing the Prior Bonds.

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

- (a) Government Obligations;
- (b) 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; the Governmental National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;
- (c) Any bond, debenture, note, participation certificate or other similar obligation 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;
- (d) Time accounts, (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government

Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

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

(g) The “consolidated fund” (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended.

“Rebate Fund” means the fund created pursuant to Section 6.3 hereof.

“Recorder” means the Recorder of the Town.

“Registrar” means the Bond Registrar.

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

“Renewal and Replacement Fund” means the Renewal and Replacement Fund created by the Prior Ordinances.

“Reserve Accounts” means, collectively, the reserve accounts established for the Prior Bonds and the Series 2018 B Bonds.

“Reserve Requirement” means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2018 B Bonds.

“Revenue Fund” means the Revenue Fund established by the Prior Ordinances.

“Series 2018 B Bonds Reserve Account” means the Series 2018 B Bonds Reserve Account established in Section 3.2 hereof.

“Series 2018 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 2018 B Bonds in the then current or any succeeding year.

“Series 2018 B Bonds Sinking Fund” means the Series 2018 B Bonds Sinking Fund established by Section 3.2 hereof.

“Sinking Funds” means, collectively, the respective sinking fund accounts established for the Prior Bonds and the Series 2018 B Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Town supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution authorizing the sale of the Series 2018 B Bonds; *provided*, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2018 B Bonds, and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Ordinance or the Prior Ordinances to be set aside and held for the payment of or security for the Bonds or any other obligations of the Town, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

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

“Yield” means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 2018 B Bonds, produces an amount equal to the purchase price of such Nonpurpose Investment or the Series 2018 B Bonds, all computed as prescribed in applicable Regulations.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ASSUMPTION OF KPSD BONDS; ASSUMPTION OF KPSD BOND DOCUMENTS

SECTION 2.1. Authorization of Series 2018 B Bonds. For the purposes of serving as consideration for the Acquisition, the Town hereby authorizes the assumption of the indebtedness evidenced by the KPSD Bonds, and the substitution of a new bond of the Town for the KPSD Bonds. The KPSD Bonds shall be assumed as a series of bonds and re-designated as the (i) “Town of Oceana Water Revenue Bonds, Series 2018 B” and shall have such terms as set forth hereinafter and in the KPSD Bond Documents.

SECTION 2.2. Terms of Series 2018 B Bonds. The Series 2018 B Bonds shall be assumed in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as exists on the date of the Bond Assumption. The Series 2018 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2018 B Bonds shall be paid by (i) 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, (ii) electronic transfer to the Registered Owner so long as the Authority is the Registered Owner thereof, or (iii) 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 2018 B Bonds shall initially be one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2018 B Bonds. The Series 2018 B 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.

SECTION 2.3. Execution of 2018 B Bonds. The Series 2018 B Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2018 B Bonds shall cease to be such officer of the Town before the Series 2018 B Bonds so signed and sealed have been actually sold and delivered, such Series 2018 B Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2018 B Bonds had not ceased to hold such office. Any such Series 2018 B Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Series 2018 B Bonds shall hold the proper office in the Town, although at the date of such Series 2018 B Bonds such person may not have held such office or may not have been so authorized.

SECTION 2.4. Authentication and Registration. No Series 2018 B Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2018 B Bond, substantially in the form attached hereto as Exhibit A 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 Ordinance. The Certificate of Authentication and Registration on any Series 2018 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

SECTION 2.5. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2018 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State,

and each successive Holder, in accepting the Series 2018 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a *bona fide* holder for value.

So long as the Series 2018 B Bonds remain outstanding, the Town, through the Bond Registrar, shall keep and maintain books for the registration and transfer of such Series 2018 B Bonds.

The Series 2018 B 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 the Series 2018 B Bonds or transferring the Series 2018 B Bonds is exercised, all Series 2018 B Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2018 B Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2018 B Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Town. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2018 B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2018 B Bonds or, in the case of any proposed redemption of Series 2018 B Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

SECTION 2.6. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2018 B Bonds shall become mutilated or be destroyed, stolen or lost, the Town may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Town, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may prescribe and paying such expenses as the Town and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Town. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

SECTION 2.7. Bonds not to be Indebtedness of the Town. The Series 2018 B Bonds shall not be nor constitute an indebtedness of the Town 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 Holder or Holders of the Series 2018 B Bonds shall ever

have the right to compel the exercise of the taxing power of the Town to pay the Series 2018 B Bonds or the interest thereon.

SECTION 2.8. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of Debt Service of the Series 2018 B Bonds shall be secured 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 Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2018 B Bonds and to make all other payments provided for in this Ordinance are hereby irrevocably pledged to such payments as they become due.

SECTION 2.9. Delivery of Bonds. The Town shall execute and deliver as substitute for the KPSD Bonds, the Series 2018 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2018 B Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2018 B Bonds are to be registered upon issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Town, signed by an Authorized Officer, to authenticate and deliver the Series 2018 B Bonds to the original purchasers;
- C. An executed and certified copy of this Ordinance;
- D. A copy of the transcript of proceedings containing the KPSD Bond Documents; and
- E. The unqualified approving opinions of bond counsel on the Series 2018 B Bonds.

SECTION 2.10. Form of Bonds. The text of the Series 2018 B Bonds shall be in substantially the form attached hereto as Exhibit A, 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 Bond Assumption.

SECTION 2.11. Sale of Bonds; Approval and Ratification of the KPSD Bond Documents. The KPSD Bonds were sold to the Authority, pursuant to the terms and conditions of the KPSD Bond Documents. The KPSD Bond Documents, including all schedules and exhibits attached thereto, and as assumed by the Town are hereby approved and incorporated into this Ordinance.

ARTICLE III

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

SECTION 3.1. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established

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

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Renewal and Replacement Fund (established by the Prior Ordinances);
- (3) Earnings Fund; and
- (4) Rebate Fund.

SECTION 3.2. Establishment of Funds and Accounts with Commission; Transfer of KPSD Moneys. A. The following special funds or accounts are hereby created (or continued if previously established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Town and from each other:

- (1) Series 1996 Bonds Sinking Fund (established by Prior Ordinances and hereby continued);
- (2) Series 1996 Bonds Reserve Account (established by Prior Ordinances and hereby continued);
- (3) Series 2017 A Bonds Sinking Fund (established by Prior Ordinances and hereby continued);
- (4) Series 2017 A Bonds Reserve Account (established by Prior Ordinances and hereby continued);
- (5) Series 2018 A Bonds Sinking Fund (established by Prior Ordinances and hereby continued);
- (6) Series 2018 A Bonds Reserve Account (established by Prior Ordinances and hereby continued);
- (7) Series 2018 B Bonds Sinking Fund; and
- (8) Series 2018 B Bonds Reserve Account.

B. Moneys held in funds and accounts for the KPSD Bonds shall be transferred and/or re-designated as provided in the Supplemental Resolution.

SECTION 3.3. 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 Town in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner provided in this Ordinance. All

moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Town shall first, on the first of each month, simultaneously transfer from the Revenue Fund and remit to the Commission (i) the amount required by Prior Ordinances to pay interest on the Prior Bonds: and (ii) commencing 7 months prior to the first date of payment of interest on the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will mature and become due on the Series 2018 B Bonds on the next ensuing semiannual interest payment date; *provided*, that in the event the period to elapse between the date of such initial deposit in the Series 2018 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be as provided in the Supplemental Resolution.

(2) The Town shall first, on the first of each month, simultaneously transfer from the Revenue Fund and remit to the Commission (i) the amount required by Prior Ordinances to pay principal of the Prior Bonds: and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2018 B Bonds, for deposit in the Series 2018 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2018 B Bonds on the next ensuing annual principal payment date; *provided*, that in the event the period to elapse between the date of such initial deposit in the Series 2018 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be as provided in the Supplemental Resolution

(3) The Town shall next, on the first of each month, simultaneously transfer from the Revenue Fund and remit to the Commission, (i) the amount required by Prior Ordinances to be deposited in the respective reserve accounts for the Prior Bonds; and (ii) an amount equal to 1/120th of the Series 2018 B Bonds Reserve Requirement; *provided*, that no further payments shall be made into the Series 2018 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 2018 B Bonds Reserve Requirement.

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

(5) The Town shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2.5% 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 Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VI hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; *provided*, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to

the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used for any lawful purpose.

Moneys in the Series 2018 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2018 B Bonds as the same shall become due. Moneys in the Series 2018 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2018 B Bonds, as the same shall come due, when other moneys in the attendant Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2018 B Bonds Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Town, and such amounts shall be deposited for use in the Earnings Fund created pursuant to Section 6.3 hereof.

Any withdrawals from the Series 2018 B Bonds Reserve Account which result in a reduction in the balance of the Series 2018 B Bonds Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full as set forth above.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2018 B Bonds Sinking Fund created hereunder, and all amounts required for said Series 2018 B Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Town at the times provided herein.

The payments into the Series 2018 B 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 Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission consistent with the provisions of this Ordinance.

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Section 6.1 hereof.

The Series 2018 B Bonds Sinking Fund and the Series 2018 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of

servicing the Series 2018 B Bonds under the conditions and restrictions hereinafter set forth.

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

C. The Town shall remit from the Revenue Fund to the Commission, the Bond Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Bond Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. All remittances made by the Town to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Town 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.

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

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

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

G. All Tap Fees shall be deposited by the Town, as received, in the Revenue Fund and used for any lawful purpose of the System.

ARTICLE IV

[RESERVED]

ARTICLE V

ADDITIONAL COVENANTS OF THE TOWN

SECTION 5.1. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the

Town and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2018 B Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Holders of the Series 2018 B Bonds as hereinafter provided in this Article V. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2018 B Bonds or the interest thereon is outstanding and unpaid.

SECTION 5.2. Bonds not to be Indebtedness of the Town. The Series 2018 B Bonds shall not be nor constitute an indebtedness of the Town 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 Ordinance. No Holder or Holders of the Series 2018 B Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Series 2018 B Bonds or the interest thereon.

SECTION 5.3. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of Debt Service of the Series 2018 B Bonds shall be secured 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 Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2018 B Bonds and the Prior Bonds, and to make all other payments provided for in this Ordinance and the Prior Ordinances are hereby irrevocably pledged to such payments as they become due.

SECTION 5.4. Rates and Charges. The Town has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Town shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the KPSD Bond Documents and the Town shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the KPSD System shall be as set forth in the water rate ordinance of the Town, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2018 B Bonds are outstanding, the Town 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 this Ordinance. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2018 B Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Town 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 Ordinance.

SECTION 5.5. Sale of the System. So long as the Prior Bonds or the Series 2018 B Bonds are outstanding, the Town shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and as provided herein and with the written consent of the Authority. So long as the Series 2018 B Bonds are Outstanding and except as otherwise required by law or with the written consent of 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 Series 2018 B Bonds Outstanding. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2018 B Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and the Town shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2018 B Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the payment of the Series 2018 B Bonds and interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Town 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 Town shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Town to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or redemption of Series 2018 B Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance. No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay or redeem prior to maturity all Series 2018 B Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Series 2018 B Bonds then Outstanding and the Consulting Engineers. The Town shall prepare the form of such approval and consent for execution by the then Holders of the Series 2018 B Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

SECTION 5.6. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 5.7 hereof, the Town shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2018 B Bonds. All obligations issued by the Town after the Bond Assumption and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2018 B 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 Ordinance have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Town 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 2018 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2018 B Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof.

The Town 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 System, or any other obligations related to the System.

SECTION 5.7. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the Bond Assumption pursuant to this Ordinance, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2018 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition and construction of extensions, additions, improvements or betterments to the System or refunding the Series 2018 B Bonds issued pursuant hereto or any Prior Bonds, or both such purposes.

So long as the Prior Bonds or the Series 2018 B Bonds are Outstanding, no such 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, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the

largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

The “estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years,” as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Town and approved by the PSC, the time 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 a certificate of the Consulting Engineers, 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 Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Town shall have entered into written contracts for the immediate construction or acquisition of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2018 B Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System, and their source of and security for payment from said revenues, without preference of any Bond over any other Bond of another series on a parity therewith. The Town shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2018 B Bonds on such revenues. The Town 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 2018 B 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 Ordinance with respect to the Series 2018 B Bonds then outstanding, and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the Parity Bonds, and the Town then be in full compliance with all the covenants, agreements and terms of this Ordinance.

SECTION 5.8. Books; Records and Facilities. The Town shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the System at all reasonable times for the purpose of audit and examination. The Town shall submit to the Authority such documents and information as it may reasonably require in connection with the Acquisition and the operation and maintenance of the System.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the PSC. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required, shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Town. The Town 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 Town shall be reported to such agent of the Town as the Town shall direct.

The Town shall file with the Consulting Engineers, and the Authority, or any other original purchaser of the Series 2018 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2018 B Bonds, requesting the same, an annual report containing the following:

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

The Town shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with 2 CFR 200, Subpart F, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2018 B Bonds and shall submit said

report to the Authority or any other original purchaser of the Series 2018 B Bonds. Such audit report submitted to the Authority 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Town's Operating Expenses and debt service and reserve requirements.

The Town shall permit the Authority, or its agents and representatives, to enter and inspect the System site and System facilities at all reasonable times. The Town shall also provide the Authority, or its 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 with respect to the System pursuant to the Act.

SECTION 5.9. Rates. Prior to the Bond Assumption, 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 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 Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Prior Bonds, the Series 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Prior Bonds and the Series 2018 B Bonds; provided, that in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Reserve Account and any reserve accounts for obligations on a parity with the Series 2018 B Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds.

SECTION 5.10. Operating Budget and Monthly Financial Report. The Town 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 within thirty days of the 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Town shall have approved such 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 the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Series 2018 B Bonds who shall file his address with the Town and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Series 2018 B Bonds or anyone acting for and in behalf of such Holder of any Series 2018 B Bonds.

SECTION 5.11. Operating Personnel. The Town shall at all time provide operation and maintenance of the System in compliance with all State and Federal standards.

SECTION 5.12. No Competing Franchise. To the extent legally allowable, the Town will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

SECTION 5.13. Enforcement of Collections. The Town will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the 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 Town 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 5.14. No Free Services. The Town will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Town, or any department, agency, instrumentality, officer or employee of the Town shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue and the Town shall transfer from its general funds sufficient sums to pay such charges for service

to any of its departments or properties. 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 5.15. Insurance. The Town hereby covenants and agrees that so long as the Series 2018 B Bonds remain outstanding, the Town 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 Town will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.
- (2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Town from claims for bodily injury and/or death and not less than \$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 Town and the Council from claims arising out of operation or ownership of motor vehicles of or for the System.
- (3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Town and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code § 38-2-39.
- (4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Town.
- (5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Town.
- (6) FIDELITY BONDS will be provided as to every officer and employee of the Town or the Council 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.

SECTION 5.16. [RESERVED]

SECTION 5.17. Operation and Maintenance. The Town shall maintain the System in good condition and with all federal and state requirements and standards and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Ordinance.

SECTION 5.18. Compliance with KPSD Bond Documents and Law. The Town agrees to comply with all the terms and conditions of the KPSD Bond Documents and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the operation, maintenance and use of the System.

SECTION 5.19. Tax Covenants. The Town hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The System will be solely operated as a public purpose and as local governmental activity of the Town.

B. PRIVATE ACTIVITY BOND COVENANT. The Town shall not permit at any time or times any of the proceeds of the Series 2018 B Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Series 2018 B Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as “private activity bonds” within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Series 2018 B Bonds.

C. PRIVATE LOAN LIMITATION. The Town shall assure that not in excess of 5% of the Net Proceeds of the Series 2018 B Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

D. FEDERAL GUARANTEE PROHIBITION. The Town shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2018 B Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

E. FURTHER ACTIONS. The Town will take any and all actions that may be required of it (including those deemed necessary by the Authority), including but not limited to filing all statements, instruments and returns necessary with the Internal Revenue Service, so that the interest on the Series 2018 B Bonds will be and remain excludable from gross income for federal income tax purposes and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

SECTION 5.20. Statutory Mortgage Lien. A statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared

to be valid and binding, shall take effect immediately upon delivery of the Series 2018 B Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

SECTION 5.21. Securities Laws Compliance. The Town shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

ARTICLE VI

INVESTMENT OF FUNDS; NON-ARBITRAGE

SECTION 6.1. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, 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 Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 6.1.

Except as specifically provided herein, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, 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 Town, at least once each year, or more often as reasonably requested by the Town, a summary of such funds, accounts and investment earnings. The Town 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 2018 B Bonds are outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2018 B Bonds from gross income for federal income tax purposes.

SECTION 6.2. Arbitrage. The Town covenants that (i) it will restrict the use of the proceeds of the Series 2018 B Bonds in such manner and to such extent as may be necessary, in

view of the Town's reasonable expectations at the time of issuance of the Series 2018 B Bonds so that the Series 2018 B Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it so that the interest on the Series 2018 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

SECTION 6.3. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Ordinance, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Ordinance on account of the Series 2018 B Bonds, other than (i) interest earnings and profits on any funds referenced in subsection C(5) of this section if such earnings in any Bond Year are less than \$100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Town shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to the Revenue Fund.

B. DUTIES OF TOWN IN GENERAL. The Town shall calculate Excess Investment Earnings in accordance with subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Series 2018 B Bonds, the Town shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Town in accordance with the following:

- (1) Except as provided in (2) below, in determining the amount described in clause A(1) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized

gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(2) of the definition of Excess Investment Earnings, the Yield on the Series 2018 B Bonds shall be determined based on the actual Yield of the Series 2018 B Bonds.

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Series 2018 B Bonds, and no amount may be treated as “negative arbitrage.”

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than \$100,000.

D. PAYMENT TO THE UNITED STATES. The Town shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Town shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Series 2018 B Bonds, the Town shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Town to be used for any lawful purpose of the System. The Town shall remit payments to the United States at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this subsection D, the Town shall assure that such payments are made by the Town to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF TOWN. The Town shall assure that Excess Investment Earnings are not paid or disbursed except as required in this section. To that end, the

Town shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Town shall keep, and retain for a period of six years following the retirement of the Series 2018 B Bonds, records of the determinations made pursuant to this section.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this section, the Town and the Depository Bank (at the expense of the Town) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Town or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENTS. Notwithstanding the foregoing, the Town further covenants to comply with all Regulations from time to time in effect and applicable to the Series 2018 B Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

I. REPORTING TO AUTHORITY. The Town shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

J. AMENDMENTS TO THIS SECTION. Notwithstanding any of the provisions herein to the contrary, the Town agrees to amend the provisions of this section from time to time at the direction of the Authority in order to insure continuing compliance with Section 6.2 hereof.

ARTICLE VII

DEFAULTS AND REMEDIES

SECTION 7.1. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2018 B Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2018 B Bonds; or
- (2) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Series 2018 B Bonds set forth in this Ordinance or in the Series 2018 B Bonds, and such default shall have continued for a period of 30 days

after the Town shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, the Paying Agent or a Holder of a Series 2018 B Bond; or

- (3) If the Town files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

SECTION 7.2. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2018 B Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due; (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Town to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System; (iii) bring suit upon the Series 2018 B Bonds; (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the Registered Owners of the Series 2018 B Bonds; and (v) by action or bill in equity enjoin any acts in violation of this Ordinance with respect to the Series 2018 B Bonds, or the rights of such Registered Owners; *provided, however*, that all rights and remedies of the Holders of the Series 2018 B Bonds shall be on a parity with those of the Holders of the Prior Bonds.

SECTION 7.3. Appointment of Receiver. Any Registered Owner of a Series 2018 B Bond may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, and after the Acquisition, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Series 2018 B Bonds, any Registered Owner of a Series 2018 B Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System, 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 Series 2018 B 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 Ordinance and the Act.

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

Whenever all that is due upon the Series 2018 B Bonds and interest thereon and under any covenants of this Ordinance 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 Ordinance shall have been

cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Series 2018 B 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, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and Registered Owners of the Series 2018 B 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 possession, operation and maintenance of the System for the sole purpose of the protection of both the Town and Registered Owners of such Series 2018 B Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE VIII

DEFEASANCE

SECTION 8.1. Defeasance of the Series 2018 B Bonds. If the Town shall pay or there shall otherwise be paid to the Holders of the Series 2018 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the pledge of Gross Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the Registered Owners of the Series 2018 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 2018 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due, the principal installments of and interest on such Series 2018 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2018 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of

and interest due and to become due on said Series 2018 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Town as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1. Amendment or Modification of Ordinance. Prior to the Bond Assumption, this Ordinance may be amended or supplemented in any way by supplemental ordinances or resolutions. Following the Bond Assumption, 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 respective rights of Registered Owners of the Series 2018 B Bonds shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds percent (66-2/3%) or more in principal amount of the Series 2018 B Bonds so affected and then Outstanding. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2018 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Ordinance may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2018 B Bonds from gross income of the Holders thereof.

SECTION 9.2. Ordinance Constitutes Contract. The provisions of this Ordinance shall constitute a contract between the Town and the Registered Owners of the Series 2018 B Bonds, and no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner, except as in this Ordinance provided.

SECTION 9.3. 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 or the Series 2018 B Bonds.

SECTION 9.4. 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 9.5. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; however, in the event of any conflict between this Ordinance and any of the prior ordinances of the Town relating to the Prior Bonds, the prior ordinances relating to the Prior Bonds shall control (unless less restrictive), so long as the Prior Bonds and Series 2018 B Bonds are outstanding.

SECTION 9.6. Covenant of Due Procedure, Etc. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the 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 9.7. Appointment. The Town does hereby appoint, designate and approve the hiring of Spilman Thomas & Battle, PLLC, Charleston, West Virginia, as bond counsel to the Town and the Council in connection with the Bond Assumption.

SECTION 9.8. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Council to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Pineville Independent Herald*, a newspaper published and of general circulation in the Town of Oceana, together with a notice stating that this Ordinance has been adopted and that the Town contemplates the Bond Assumption, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Council for review by interested persons during office hours of the Council. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

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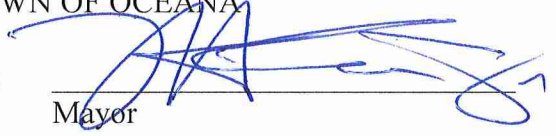
SECTION 9.9. Effective Date. This Ordinance shall take effect as follows:

Passed on First Reading:	November 8, 2018
Passed on Second Reading:	November 15, 2018
Passed on Final Reading Following Public Hearing:	December 13, 2018

TOWN OF OCEANA

By: _____

Mayor



CERTIFICATION

The undersigned, being the duly qualified, elected and acting Recorder of the Town of Oceana, does hereby certify that the foregoing Ordinance is a true, correct and complete copy of an Ordinance duly enacted by the Council of the Town of Oceana, on December 13, 2018.

Dated: June 28, 2022

[SEAL]

By:

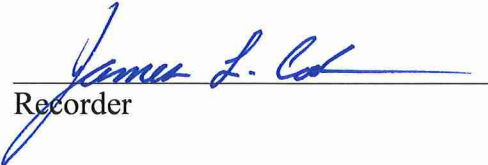

Recorder

Exhibit A

(FORM OF SERIES 2018 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF OCEANA
WATER REVENUE BOND, SERIES 2018 B

Replacement Bond
for
Kopperston Public Service District
Water Revenue Bond, Series 1996

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2018, the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 (\$ _____) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Schedule I hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Schedule I. Interest on this Bond shall be payable on April 1 and October 1 in each year, beginning April 1, 2019 as set forth on Schedule I attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Kopperston Public Service

District (the “District”) and the Authority dated September 20, 1996, and assumed by the Issuer on _____, 2018.

This Bond has been assumed from the District by the Issuer in consideration for the acquisition of the assets of the District comprising the District’s waterworks system (the “District Assets”) from the District. The existing public waterworks system of the Issuer, the District Assets and any further extensions, additions, betterments or improvements thereto are herein called the “System.” The Issuer has re-designated the District’s Water Revenue Bond, Series 1996, as “Town of Oceana Water Revenue Bond, Series 2018 B.” This Bond is assumed and re-designated 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 of the Code of West Virginia, 1931, as amended (the “Act”), a Bond Ordinance duly enacted by the Issuer on December 13, 2018 (the “Ordinance”), and is subject to all terms and conditions thereof.

THIS BOND IS ASSUMED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER’S:

- (1) WATER REVENUE AND REFUNDING BONDS, SERIES 1996, DATED SEPTEMBER 20, 1996, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,172,800 (THE “SERIES 1996 BONDS”);
- (2) WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2017 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 6, 2017, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000 (THE “SERIES 2017 A BONDS”); AND
- (3) WATER REVENUE BONDS, SERIES 2018 A (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 26, 2018, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$450,000 (THE “SERIES 2018 A BONDS” AND COLLECTIVELY WITH THE SERIES 1996 BOND AND THE SERIES 2017 A BONDS, THE “PRIOR BONDS”).

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Ordinance for the Bonds (the “Series 2018 B Bonds Reserve Account”). Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon, except from said special fund provided from the Gross Revenues and the moneys in the Series 2018 B Bonds Reserve Account. Pursuant to the Ordinance, the Issuer

has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Prior Bonds, the Series 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Prior Bonds and the Series 2018 B Bonds; provided, that in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Reserve Account and any reserve accounts for obligations on a parity with the Series 2018 B Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2018 B Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

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

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

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 assumption and re-designation of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

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

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2018 B Bonds described in and issued under the provisions of the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2018

_____, as Registrar

By _____
Authorized Officer

SCHEDULE I

DEBT SERVICE SCHEDULE

(attached hereto)

(Form of)

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 Issuer with full power of substitution in the premises.

Date: _____, 20__.

IN THE PRESENCE OF:

TOWN OF OCEANA, WEST VIRGINIA

**ORDINANCE ADOPTING THE APPROVED WATER RATES,
CHARGES AND FEES OF THE KOPPERSTON PUBLIC SERVICE
DISTRICT'S WATER SYSTEM TO BE CHARGED TO THE FORMER
CUSTOMERS OF THE KOPPERSTON PUBLIC SERVICE DISTRICT
UPON THE TOWN OF OCEANA'S ACQUISITION OF THE
KOPPERSTON PUBLIC SERVICE DISTRICT WATER SYSTEM**

WHEREAS, the Town of Oceana (the "Town") is a municipal corporation, and a political subdivision of the State of West Virginia, and in accordance with the provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, is the owner of a municipally operated public utility providing water service to customers both within and without the corporate limits of the Town, consisting of a water treatment plant, pump stations, transmission and distribution mains, storage tanks, hydrants, meters, and all other appurtenances, extensions, improvements and betterments necessary, appropriate, useful, convenient or incidental for the distribution and treatment of water (the "System");

WHEREAS, Kopperston Public Service District ("KPSD") owns certain water transmission and distribution facilities (the "KPSD Water System") and charges certain rates, charges and fees to its customers as approved by the Public Service Commission of West Virginia (the "PSC");

WHEREAS, on May 14, 2018, following due notice and hearing pursuant to W. Va. Code § 16-13A-18a, the members of the KPSD Board deemed it essential and in the best interests of KPSD's customers to convey the KPSD Water System to the Town, and adopted a resolution authorizing the conveyance of the KPSD Water System to the Town pursuant to an Acquisition Agreement, subject to the approvals of the County Commission of Wyoming County, the PSC, and the holders of KPSD's bonds;

WHEREAS, the County Commission of Wyoming County, on May 16, 2018, pursuant to W. Va. Code § 16-13A-18a, after careful consideration of the public health, comfort and convenience of the citizens of Wyoming County, entered an Order approving the conveyance of the KPSD Water System to the Town, holding that the conveyance is in the best interests of the customers of the KPSD Water System and as such is in the public interest as it will promote the health, comfort and convenience of the customers of the KPSD Water System, and holding that upon the date that the Town's acquisition of the KPSD Water System is complete, KPSD shall be dissolved and cease to exist;

WHEREAS, the Town, on July 12, 2018, adopted an ordinance approving the acquisition of the KPSD Water System, finding that the Town's acquisition of the KPSD Water System is in the best interests of the citizens of the Town and the citizens of Kopperston; and

WHEREAS, the PSC, by Order entered October 10, 2018, approved the acquisition of the KPSD Water System by the Town, and upon the closing of the acquisition, the dissolution of KPSD.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Town Council of the municipality of Oceana, Wyoming County, West Virginia:

SECTION 1. That the present rates, charges, and fees of KPSD, charged for providing water services to its customers, as approved by the PSC and on record with the PSC, be and hereby are adopted by the Town to be charged to the former customers of KPSD commencing upon the effective date of the Town's acquisition of KPSD as follows:

FINAL RATES - STEP 1
Effective for 36 months, beginning September 1, 2018

APPLICABILITY

Applicable within entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (Customers with metered water supply)

First	3,000 gallons	\$11.94 per 1,000 gallons
Next	5,000 gallons	\$11.50 per 1,000 gallons
Next	17,000 gallons	\$ 9.33 per 1,000 gallons
Next	75,000 gallons	\$ 7.12 per 1,000 gallons
All over	100,000 gallons	\$ 4.92 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts, according to the size of the meter installed.

5/8 inch meter	\$35.82 per month
3/4 inch meter	\$53.73 per month
1 inch meter	\$89.55 per month
2 inch meter	\$286.56 per month
4 inch meter	\$895.50 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

The following charge is to be made whenever the utility install a new tap to serve an applicant:

A tap fee of \$300.00 will be charged to customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

\$15.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$4.54 per 1,000 gallons of water is to be used when a bill reflect unusual consumption which can be attributed to eligible leakage on the customer’s side of the meter. This rate shall be applied to all such consumption above the customer’s historical average usage.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant’s specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

FINAL RATES - STEP 2
Effective beginning September 1, 2021

APPLICABILITY

Applicable within entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (Customers with metered water supply)

First	3,000 gallons	\$10.73 per 1,000 gallons
Next	5,000 gallons	\$10.33 per 1,000 gallons
Next	17,000 gallons	\$ 8.38 per 1,000 gallons
Next	75,000 gallons	\$ 6.40 per 1,000 gallons
All over	100,000 gallons	\$ 4.42 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts, according to the size of the meter installed.

5/8 inch meter	\$32.19 per month
3/4 inch meter	\$48.29 per month

1 inch meter	\$80.48 per month
2 inch meter	\$257.52 per month
4 inch meter	\$804.75 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

The following charge is to be made whenever the utility install a new tap to serve an applicant:

A tap fee of \$300.00 will be charged to customer who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

\$15.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$4.54 per 1,000 gallons of water is to be used when a bill reflect unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class of fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

SECTION 2. The rate structure adopted herein shall remain in effect until otherwise changed by the Town pursuant to municipal ordinance; provided, however, that the rates adopted herein shall not be decreased other than as ordered by the PSC prior to the time the District's obligation to satisfy the Bowles Rice Debt as ordered by the PSC in its Order entered August 29, 2018, in Kopperston Public Service District, Case No. 17-0712-PWD-19A, specifically, "to pay \$1,500 per month for three years to pay the legal obligation [of \$54,000]", is fully satisfied.

SECTION 3. That, in accordance with the requirements of Chapter 8, Article 11, Section 4 of the Code of West Virginia, 1931, as amended, the Town shall cause notice of the proposed adoption of this Ordinance to be published as a Class I-0 legal advertisement, at least five days before the Town Council meeting at which this Ordinance is to be finally adopted.

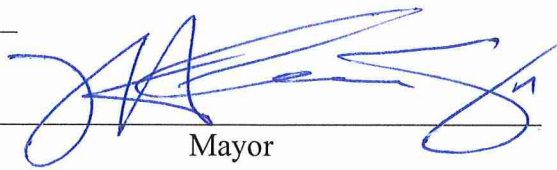
SECTION 4. This Ordinance shall be effective immediately upon adoption.

Date of first reading: November 8, 2018

Passed X Failed _____ by Vote of Yes 6 No _____
Abstain 0 Absent 0

Date of second reading and adoption: December 13, 2018

Passed X Failed _____ by Vote of Yes 6 No _____
Abstain 0 Absent 1



Mayor

ATTEST:



City Recorder

TOWN OF OCEANA, WEST VIRGINIA
ASSUMPTION OF THE
KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES
1996
AND
RE-DESIGNATION AND REPLACEMENT AS
TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION RELATING TO THE ASSUMPTION OF THE KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996 AND THE REPLACEMENT AND RE-DESIGNATION OF SUCH BONDS AS “TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B”, DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; PROVIDING FOR THE TRANSFER AND/OR RE-DESIGNATION OF MONEYS IN EXISTING FUNDS AND ACCOUNTS OF KOPPERSTON PUBLIC SERVICE DISTRICT; PROVIDING FOR THE APPROPRIATE AMOUNTS OF MONTHLY PRINCIPAL AND INTEREST PAYMENTS AS NECESSARY; AND MAKING ADDITIONAL PROVISIONS AS TO SUCH BONDS

WHEREAS, the Council (the “Council”) of the Town of Oceana, West Virginia (the “Town”), duly and officially enacted a bond ordinance on December 13, 2018 (the “Bond Ordinance”), entitled:

ORDINANCE AUTHORIZING THE ASSUMPTION OF \$644,000 KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996 AND RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS AS “TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B” PURSUANT TO THE ACQUISITION AGREEMENT TO BE ENTERED INTO BETWEEN THE TOWN OF OCEANA AND KOPPERSTON PUBLIC SERVICE DISTRICT BY WHICH THE TOWN OF OCEANA WILL ACQUIRE KOPPERSTON PUBLIC SERVICE DISTRICT’S WATER TRANSMISSION AND DISTRIBUTION FACILITIES;

AUTHORIZING THE ASSUMPTION OF THE BOND DOCUMENTS RELATED TO THE KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996; PROVIDING FOR THE RIGHTS AND REMEDIES OF SUCH BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES AND THE TAKING OF ALL OTHER ACTIONS RELATING TO THE ASSUMPTION AND RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS.

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

WHEREAS, the Town is acquiring all of the assets of Kopperston Public Service District (“KPSD”) pursuant to an Acquisition Agreement (the “Acquisition Agreement”) to be entered into between the Town and KPSD (the “Acquisition”) dated as of the Closing Date;

WHEREAS, as part of the consideration for the Acquisition, the Town is assuming the outstanding bonds of KPSD (the “KPSD Bonds”) pursuant to the Acquisition Agreement (the “Bond Assumption”);

WHEREAS, the Bond Ordinance provides for the replacement and re-designation of the KPSD Bonds through the issuance of the Town of Oceana Water Revenue Bonds, Series 2018 B (the “Series 2018 B Bonds”), of the Town, in the aggregate principal amount not to exceed \$644,000; and

WHEREAS, the Council deems it essential and desirable that this supplemental resolution (this “Supplemental Resolution”) be adopted, that the Bond Registrar, Paying Agent, and Depository Bank be designated for the Series 2018 B Bonds, that moneys in the existing funds and accounts for the KPSD Bonds be transferred and/or re-designated as necessary to the funds and accounts for the Series 2018 B Bonds, that the appropriate amounts for monthly payments of principal and interest from the Revenue Fund be designated as necessary, and that other matters relating to the Series 2018 B Bonds be herein provided for.

NOW THEREFORE, BE IT RESOLVED BY THE MUNICIPALITY OF OCEANA, WYOMING COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. Pursuant to the Bond Ordinance and the Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the “Act”), this Supplemental Resolution is adopted and the provisions and the text of the Series 2018 B Bonds shall be in substantially the form provided in the Bond Ordinance.

2. The Town does hereby appoint and designate Summit Community Bank (formerly, First Century Bank, National Association), Bluefield, West Virginia, to serve as Bond Registrar for the Series 2018 B Bonds under the Bond Ordinance.

3. The Town does hereby appoint and designate Summit Community Bank, Princeton, West Virginia, to serve as Depository Bank (the “Depository Bank”) for the Series 2018 B Bonds under the Bond Ordinance.

4. Upon issuance of the Series 2018 B Bonds, any amounts remaining in the funds and accounts created with and held by the depository bank for the KPSD Bonds shall be transferred to the funds and accounts created and held with the Depository Bank for the Series 2018 B Bonds as follows:

- Any amounts remaining in the Revenue Fund established for the KPSD Bonds shall be transferred to the Revenue Fund established by the Prior Ordinances of the Town.

5. Upon issuance of the Series 2018 B Bonds, any amounts remaining in the funds and accounts established with the West Virginia Municipal Bond Commission, Charleston, West Virginia (the “Commission”) for the KPSD Bonds shall be transferred to the funds and accounts established with the Commission for the Series 2018 B Bonds as follows:

- Any amounts remaining in the Series 1996 Bonds Sinking Fund (excluding any amounts held in Series 1996 Bonds Reserve Account) established for the KPSD Bonds shall be transferred to the Series 2018 B Bonds Sinking Fund established for the Series 2018 B Bonds; and
- Any amounts held in Series 1996 Bonds Reserve Account, which was established within the Series 1996 Bonds Sinking Fund for the KPSD Bonds, shall be transferred to the Series 2018 B Bonds Reserve Account established within the Series 2018 B Bonds Sinking Fund for the Series 2018 B Bonds.

6. For the period beginning on the Closing Date and ending on the first semiannual interest payment date on April 1, 2019, the Commission, on the first of each month pursuant to a Sweep Resolution adopted by the Town on December 13, 2018 (the “Sweep Resolution”), shall sweep from the applicable account held by the Commission for the Town, on a pro rata basis, such amounts as necessary to make the next semiannual interest payment of \$14,313.55, after such payment the Commission shall sweep from the applicable account held by the Commission for the Town an amount equal to 1/6 of the next semiannual interest payment.

7. For the period beginning on the Closing Date and ending on the first annual principal payment date on October 1, 2019, the Commission, on the first of each month pursuant to the Sweep Resolution, shall sweep from the applicable account held by the Commission for the Town, on a pro rata basis, such amounts as necessary to make the next annual principal payment of \$30,192.75, after such payment the Commission shall sweep from the applicable account held by the Commission for the Town an amount equal to 1/12 of the next annual principal payment.


8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2018 B Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2018 B Bonds may be delivered to the West Virginia Water Development Authority to replace the KPSD Bonds.

9. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 13th day of December, 2018.

TOWN OF OCEANA, WEST VIRGINIA

By: 
Tom Evans, Jr.
Its: Mayor

CERTIFICATION

The undersigned, being the duly qualified, elected and acting Recorder of the Town of Oceana, West Virginia, does hereby certify that the foregoing Supplemental Resolution was duly adopted by the members of the Board of the Town Council of the Town of Oceana at a special telephonic meeting duly held, pursuant to proper notice thereof, on December 13, 2018, a quorum being present and acting throughout, and which Supplemental Resolution has not been modified, amended or revoked and is a true, correct and complete copy thereof as witness my hand and the seal of the Town of Oceana this 28th day of June, 2022.

[SEAL]


Recorder, Town of Oceana, West Virginia

TOWN OF OCEANA, WEST VIRGINIA
ASSUMPTION OF THE
KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES
1996
AND
RE-DESIGNATION AND REPLACEMENT AS
TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2022 A

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION RELATING TO THE ASSUMPTION OF THE KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996 AND THE REPLACEMENT AND RE-DESIGNATION OF SUCH BONDS; RE-DESIGNATING SUCH BONDS TO THE “TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2022 A”; AND MAKING ADDITIONAL PROVISIONS AS TO SUCH BONDS

WHEREAS, the Council (the “Council”) of the Town of Oceana, West Virginia (the “Town”), duly and officially enacted a bond ordinance on December 13, 2018 (the “Bond Ordinance”), entitled:

ORDINANCE AUTHORIZING THE ASSUMPTION OF \$644,000 KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996 AND RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS AS “TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B” PURSUANT TO THE ACQUISITION AGREEMENT TO BE ENTERED INTO BETWEEN THE TOWN OF OCEANA AND KOPPERSTON PUBLIC SERVICE DISTRICT BY WHICH THE TOWN OF OCEANA WILL ACQUIRE KOPPERSTON PUBLIC SERVICE DISTRICT’S WATER TRANSMISSION AND DISTRIBUTION FACILITIES; AUTHORIZING THE ASSUMPTION OF THE BOND DOCUMENTS RELATED TO THE KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996; PROVIDING FOR THE RIGHTS AND REMEDIES OF SUCH BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS, INSTRUMENTS,

AGREEMENTS AND CERTIFICATES AND THE TAKING OF ALL OTHER ACTIONS RELATING TO THE ASSUMPTION AND RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS.

WHEREAS, the Council of the Town duly adopted a supplemental resolution on December 13, 2018 (the “Supplemental Resolution”), entitled:

SUPPLEMENTAL RESOLUTION RELATING TO THE ASSUMPTION OF THE KOPPERSTON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996 AND THE REPLACEMENT AND RE-DESIGNATION OF SUCH BONDS AS “TOWN OF OCEANA WATER REVENUE BONDS, SERIES 2018 B”, DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; PROVIDING FOR THE TRANSFER AND/OR RE-DESIGNATION OF MONEYS IN EXISTING FUNDS AND ACCOUNTS OF KOPPERSTON PUBLIC SERVICE DISTRICT; PROVIDING FOR THE APPROPRIATE AMOUNTS OF MONTHLY PRINCIPAL AND INTEREST PAYMENTS AS NECESSARY; AND MAKING ADDITIONAL PROVISIONS AS TO SUCH BONDS

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

WHEREAS, the Town is acquiring all of the assets of Kopperston Public Service District (“KPSD”) pursuant to an Acquisition Agreement (the “Acquisition Agreement”) to be entered into between the Town and KPSD (the “Acquisition”) dated as of the Closing Date;

WHEREAS, as part of the consideration for the Acquisition, the Town is assuming the outstanding bonds of KPSD (the “KPSD Bonds”) pursuant to the Acquisition Agreement (the “Bond Assumption”);

WHEREAS, the Bond Ordinance, as supplemented by the Supplemental Resolution, provides for the replacement and re-designation of the KPSD Bonds through the issuance of bonds of the Town designated as the “Town of Oceana Water Revenue Bonds, Series 2018 B” (the “Bonds”), in the aggregate principal amount not to exceed \$644,000;

WHEREAS, the issuance of the Bonds was delayed due to litigation filed against KPSD which has now been resolved;

WHEREAS, the Council wishes to re-designate the Bonds to clearly identify the year in which the Bonds are to be issued; and

WHEREAS, the Council deems it essential and desirable that this second supplemental resolution (this “Second Supplemental Resolution”) be adopted, to re-designate the Bonds and that other matters relating to the Bonds be herein provided for.

NOW THEREFORE, BE IT RESOLVED BY THE MUNICIPALITY OF OCEANA, WYOMING COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. Pursuant to the Bond Ordinance and the Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the “Act”), this Second Supplemental Resolution is adopted and the provisions and the text of the Series 2022 A Bonds shall be in substantially the form provided in the Bond Ordinance, except as provided for herein.

2. The Council hereby approves the re-designation of the Bonds to the “Town of Oceana Water Revenue Bonds, Series 2022 A” and all references to “Town of Oceana Water Revenue Bonds, Series 2018 B” or the “Series 2018 B Bonds” in the Bond Ordinance and the Supplemental Resolution shall be replaced with “Town of Oceana Water Revenue Bonds, Series 2022 A,” and “Series 2022 A Bonds,” respectively.

3. Section 1.2E of the Bond Ordinance is hereby amended and restated, as follows:

E. There are outstanding obligations of the Town which will rank on a parity with the Series 2022 A Bonds as to liens, pledge, source of and security for payment, being the Town’s:

(1) Water Revenue and Refunding Bonds, Series 1996, dated September 20, 1996, issued to the West Virginia Water Development Authority in the original aggregate principal amount of \$2,172,800 (the “Series 1996 Bonds”);

(2) Waterworks System Design Revenue Bonds, Series 2017 A (West Virginia DWTRF Program), dated December 6, 2017, issued to the West Virginia Water Development Authority in the original aggregate principal amount of \$300,000 (the “Series 2017 A Bonds”);

(3) Water Revenue Bonds, Series 2018 A (West Virginia DWTRF Program), dated September 26, 2018, issued to the West Virginia Water Development Authority in the original aggregate principal amount of \$450,000 (the “Series 2018 A Bonds”); and

(4) Water Revenue Bonds, Series 2021 A (West Virginia DWTRF Program), dated March 30, 2021, issued in the original principal amount of \$2,250,000 (the “Series 2021 A Bonds” and collectively with the Series 1996 Bond, the Series 2017 A Bonds and the Series 2018 A Bonds, the “Prior Bonds”).

4. The form of the Series 2022 A Bonds, attached as Exhibit A to the Bond Ordinance, shall be deleted and replaced with Exhibit A attached hereto. The text of the Series 2022 A Bonds shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by the Bond Ordinance, or by any supplemental resolution adopted prior to the Bond Assumption.


5. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2022 A Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2022 A Bonds may be delivered to the West Virginia Water Development Authority to replace the KPSD Bonds.

6. This Second Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 14th day of April, 2022.

TOWN OF OCEANA, WEST VIRGINIA

By: 
Tom Evans, Jr.
Its: Mayor

14788675 (20012.8)

CERTIFICATION

The undersigned, being the duly qualified, elected and acting Recorder of the Town of Oceana, West Virginia, does hereby certify that the foregoing Second Supplemental Resolution was duly adopted by the members of the Board of the Town Council of the Town of Oceana at a regular meeting duly held, pursuant to proper notice thereof, on April 14, 2022, a quorum being present and acting throughout, and which Second Supplemental Resolution has not been modified, amended or revoked and is a true, correct and complete copy thereof as witness my hand and the seal of the Town of Oceana this 28th day of June, 2022.

[SEAL]


Recorder, Town of Oceana, West Virginia

Exhibit A

(FORM OF SERIES 2022 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF OCEANA
WATER REVENUE BOND, SERIES 2022 A

Replacement Bond
for
Kopperston Public Service District
Water Revenue Bond, Series 1996

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of ____, 2022, the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 (\$ _____) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Schedule I hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Schedule I. Interest on this Bond shall be payable on October 1 and April 1 in each year, beginning October 1, 2022 as set forth on Schedule I attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Kopperston Public Service District (the "District") and the Authority dated September 20, 1996, and assumed by the Issuer on _____, 2022.

This Bond has been assumed from the District by the Issuer in consideration for the acquisition of the assets of the District comprising the District's waterworks system (the "District Assets") from the District. The existing public waterworks system of the Issuer, the District Assets and any further extensions, additions, betterments or improvements thereto are herein called the "System." The Issuer has re-designated the District's Water Revenue Bond, Series 1996, as "Town of Oceana Water Revenue Bond, Series 2022 A." This Bond is assumed and re-designated 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on December 13, 2018 (the "Ordinance"), as supplemented by a Supplemental Resolution duly adopted on December 13, 2018, and a Second Supplemental Resolution duly adopted on April 14, 2022, and is subject to all terms and conditions thereof.

THIS BOND IS ASSUMED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

- (1) WATER REVENUE AND REFUNDING BONDS, SERIES 1996, DATED SEPTEMBER 20, 1996, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,172,800 (THE "SERIES 1996 BONDS");
- (2) WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2017 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 6, 2017, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000 (THE "SERIES 2017 A BONDS");
- (3) WATER REVENUE BONDS, SERIES 2018 A (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 26, 2018, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$450,000 (THE "SERIES 2018 A BONDS"); AND
- (4) WATER REVENUE BONDS, SERIES 2021 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 30, 2021, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,250,000 (THE "SERIES 2021 A BONDS" AND COLLECTIVELY WITH THE SERIES 1996 BOND, THE SERIES 2017 A BONDS AND THE SERIES 2018 A BONDS, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Ordinance for the Bonds (the "Series 2022 A Bonds Reserve Account"). Such Gross Revenues shall be sufficient to pay the principal of and interest on all

bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon, except from said special fund provided from the Gross Revenues and the moneys in the Series 2022 A Bonds Reserve Account. Pursuant to the Ordinance, the Issuer has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Prior Bonds, the Series 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Prior Bonds and the Series 2022 A Bonds; provided, that in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Reserve Account and any reserve accounts for obligations on a parity with the Series 2022 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2022 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2022 A Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

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

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

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 assumption and re-designation of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

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

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2022 A Bonds described in and issued under the provisions of the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2022

SUMMIT COMMUNITY BANK, as Registrar

By _____
Authorized Officer

SCHEDULE I

DEBT SERVICE SCHEDULE

(attached hereto)

(Form of)

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 Issuer with full power of substitution in the premises.

Date: _____, 20__.

IN THE PRESENCE OF:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF OCEANA
WATER REVENUE BOND, SERIES 2022 A

[This Bond substitutes and replaces Bond No. R-1 in the original principal amount of \$644,000, dated September 20, 1996]

Replacement Bond
for
Kopperston Public Service District
Water Revenue Bond, Series 1996

Specimen
\$407,357.00

Specimen
No. AR 1

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of June, 2022, the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 HUNDRED SEVEN THOUSAND THREE HUNDRED FIFTY-SEVEN AND 00/100 DOLLARS (\$407,357.00), being the unpaid principal balance of the bond No. R-1 originally issued in the principal amount of Six Hundred Forty-Four Thousand and 00/100 Dollars (\$644,000.00) on September 20, 1996, in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Schedule I hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Schedule I. Interest on this Bond shall be payable on October 1 and April 1 in each year, beginning October 1, 2022 as set forth on Schedule I attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Kopperston Public Service District (the "District") and the Authority dated September 20, 1996, and assumed by the Issuer on June 28, 2022.

Specimen

Specimen

This Bond has been assumed from the District by the Issuer in consideration for the acquisition of the assets of the District comprising the District's waterworks system (the "District Assets") from the District. The existing public waterworks system of the Issuer, the District Assets and any further extensions, additions, betterments or improvements thereto are herein called the "System." The Issuer has re-designated the District's Water Revenue Bond, Series 1996, as "Town of Oceana Water Revenue Bond, Series 2022 A." This Bond is assumed and re-designated 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on December 13, 2018 (the "Ordinance"), as supplemented by a Supplemental Resolution duly adopted on December 13, 2018, and a Second Supplemental Resolution duly adopted on April 14, 2022, and is subject to all terms and conditions thereof.

THIS BOND IS ASSUMED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

- (1) WATER REVENUE AND REFUNDING BONDS, SERIES 1996, DATED SEPTEMBER 20, 1996, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,172,800 (THE "SERIES 1996 BONDS");
- (2) WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2017 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 6, 2017, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$300,000 (THE "SERIES 2017 A BONDS");
- (3) WATER REVENUE BONDS, SERIES 2018 A (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 26, 2018, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$450,000 (THE "SERIES 2018 A BONDS"); AND
- (4) WATER REVENUE BONDS, SERIES 2021 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 30, 2021, ISSUED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,250,000 (THE "SERIES 2021 A BONDS" AND COLLECTIVELY WITH THE SERIES 1996 BOND, THE SERIES 2017 A BONDS AND THE SERIES 2018 A BONDS, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Ordinance for the Bonds (the "Series 2022 A Bonds Reserve Account"). Such

Specimen

Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon, except from said special fund provided from the Gross Revenues and the moneys in the Series 2022 A Bonds Reserve Account. Pursuant to the Ordinance, the Issuer has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Prior Bonds, the Series 2018 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Prior Bonds and the Series 2022 A Bonds; provided, that in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Reserve Account and any reserve accounts for obligations on a parity with the Series 2022 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2022 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2022 A Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

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

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


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 assumption and re-designation of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Ordinance, 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.

Specimen

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

[SEAL]


Mayor

ATTEST:


Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2022 A Bonds described in and issued under the provisions of the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 28, 2022

UNITED BANK, as Registrar

By Thomas P. Porency
Authorized Officer

Specimen

SCHEDULE I

DEBT SERVICE SCHEDULE

(attached hereto)

1995 SERIES B LOCAL LOAN PROGRAM

West Virginia Water Development Authority
 Kopperston PSD
 Debt Service Schedule
 Closing September 20, 1996
 Total Amount Borrowed: \$644,000

Date	Coupon	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
4/1/97	6.25%	-	21,354.86	21,354.86	
10/1/97	6.25%	3,026.50	20,125.00	23,151.50	44,506.36
4/1/98	6.25%	-	20,030.42	20,030.42	
10/1/98	6.25%	4,445.50	20,030.42	24,475.92	44,506.34
4/1/99	6.25%	-	19,891.50	19,891.50	
10/1/99	6.25%	4,723.40	19,891.50	24,614.90	44,506.40
4/1/00	6.25%	-	19,743.89	19,743.89	
10/1/00	6.25%	5,018.60	19,743.89	24,762.49	44,506.38
4/1/01	6.25%	-	19,587.06	19,587.06	
10/1/01	6.25%	5,332.20	19,587.06	24,919.26	44,506.32
4/1/02	6.25%	-	19,420.43	19,420.43	
10/1/02	6.25%	5,665.50	19,420.43	25,085.93	44,506.36
4/1/03	6.25%	-	19,243.38	19,243.38	
10/1/03	6.25%	6,019.60	19,243.38	25,262.98	44,506.36
4/1/04	6.25%	-	19,055.27	19,055.27	
10/1/04	6.25%	6,395.80	19,055.27	25,451.07	44,506.34
4/1/05	6.25%	-	18,855.40	18,855.40	
10/1/05	6.25%	6,795.60	18,855.40	25,651.00	44,506.40
4/1/06	6.25%	-	18,643.04	18,643.04	
10/1/06	6.25%	7,220.30	18,643.04	25,863.34	44,506.38
4/1/07	6.25%	-	18,417.41	18,417.41	
10/1/07	6.25%	7,671.60	18,417.41	26,089.01	44,506.42
4/1/08	6.25%	-	18,177.67	18,177.67	
10/1/08	6.25%	8,151.00	18,177.67	26,328.67	44,506.34
4/1/09	6.25%	-	17,922.95	17,922.95	
10/1/09	6.25%	8,660.50	17,922.95	26,583.45	44,506.40
4/1/10	6.25%	-	17,652.31	17,652.31	
10/1/10	6.25%	9,201.70	17,652.31	26,854.01	44,506.32
4/1/11	6.25%	-	17,364.76	17,364.76	
10/1/11	6.25%	9,776.80	17,364.76	27,141.56	44,506.32
4/1/12	6.25%	-	17,059.23	17,059.23	
10/1/12	6.25%	10,387.90	17,059.23	27,447.13	44,506.36
4/1/13	6.25%	-	16,734.61	16,734.61	
10/1/13	6.25%	11,037.10	16,734.61	27,771.71	44,506.32
4/1/14	6.25%	-	16,389.70	16,389.70	
10/1/14	6.25%	11,727.00	16,389.70	28,116.70	44,506.40
4/1/15	6.25%	-	16,023.23	16,023.23	
10/1/15	6.25%	12,459.90	16,023.23	28,483.13	44,506.36
4/1/16	6.25%	-	15,633.86	15,633.86	
10/1/16	6.25%	13,238.60	15,633.86	28,872.46	44,506.32
4/1/17	6.25%	-	15,220.15	15,220.15	

Date	Coupon	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
10/1/17	6.25%	14,066.10	15,220.15	29,286.25	44,506.40
4/1/18	6.25%	-	14,780.59	14,780.59	
10/1/18	6.25%	14,945.20	14,780.59	29,725.79	44,506.38
4/1/19	6.25%	-	14,313.55	14,313.55	
10/1/19	6.25%	15,879.20	14,313.55	30,192.75	44,506.30
4/1/20	6.25%	-	13,817.33	13,817.33	
10/1/20	6.25%	16,871.70	13,817.33	30,689.03	44,506.36
4/1/21	6.25%	-	13,290.08	13,290.08	
10/1/21	6.25%	17,926.20	13,290.08	31,216.28	44,506.36
4/1/22	6.25%	-	12,729.89	12,729.89	
10/1/22	6.25%	19,046.60	12,729.89	31,776.49	44,506.38
4/1/23	6.25%	-	12,134.68	12,134.68	
10/1/23	6.25%	20,237.00	12,134.68	32,371.68	44,506.36
4/1/24	6.25%	-	11,502.28	11,502.28	
10/1/24	6.25%	21,501.80	11,502.28	33,004.08	44,506.36
4/1/25	6.25%	-	10,830.35	10,830.35	
10/1/25	6.25%	22,845.70	10,830.35	33,676.05	44,506.40
4/1/26	6.25%	-	10,116.42	10,116.42	
10/1/26	6.25%	24,273.50	10,116.42	34,389.92	44,506.34
4/1/27	6.25%	-	9,357.87	9,357.87	
10/1/27	6.25%	25,790.60	9,357.87	35,148.47	44,506.34
4/1/28	6.25%	-	8,551.92	8,551.92	
10/1/28	6.25%	27,402.50	8,551.92	35,954.42	44,506.34
4/1/29	6.25%	-	7,695.59	7,695.59	
10/1/29	6.25%	29,115.20	7,695.59	36,810.79	44,506.38
4/1/30	6.25%	-	6,785.74	6,785.74	
10/1/30	6.25%	30,934.90	6,785.74	37,720.64	44,506.38
4/1/31	6.25%	-	5,819.02	5,819.02	
10/1/31	6.25%	32,868.30	5,819.02	38,687.32	44,506.34
4/1/32	6.25%	-	4,791.89	4,791.89	
10/1/32	6.25%	34,922.60	4,791.89	39,714.49	44,506.38
4/1/33	6.25%	-	3,700.56	3,700.56	
10/1/33	6.25%	37,105.20	3,700.56	40,805.76	44,506.32
4/1/34	6.25%	-	2,541.02	2,541.02	
10/1/34	6.25%	39,424.30	2,541.02	41,965.32	44,506.34
4/1/35	6.25%	-	1,309.01	1,309.01	
10/1/35	6.25%	41,888.30	1,309.01	43,197.31	44,506.32
		644,000.00	1,091,747.98	1,735,747.98	1,735,747.98

Average Coupon	6.250000%
TIC =	6.249753%
NIC =	6.250000%
Arbitrage Yield =	6.249753%
WAM =	27.124

(Form of)

Specimen
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 Issuer with full power of substitution in the premises.

Date: _____, 20__.

IN THE PRESENCE OF:

Imre David Pentek, CPA

P.O. Box 1390 Lewisburg, WV 24901
Office: (304) 647-3949 E-Mail: imredpentek@gmail.com

June 28, 2022

TOWN OF OCEANA
WATER REVENUE BOND, SERIES 2022 A

Replacement Bond
for
Kopperston Public Service District
Water Revenue Bond, Series 1996

CPA CERTIFICATE

Town of Oceana
Oceana, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Spilman Thomas & Battle, PLLC
Charleston, West Virginia

RE: CPA CERTIFICATE

Ladies and Gentlemen:

The Public Service Commission of West Virginia (“PSC”) in Case No. 18-1102-PWD-PC, by an Order entered October 10, 2018 (the “PSC Order”), approved, among other things, the acquisition of the Kopperston Public Service District (“KPSD”) water distribution and transmission system (the “KPSD System”) by the Town of Oceana (the “Town”) pursuant to the terms and conditions of an Acquisition Agreement between KPSD and the Town, contingent upon receiving prior written approval from all KPSD and Town bondholders.

Based upon the rates and charges set forth in the water rate ordinance of the Town enacted on August 23, 2016, the water rate ordinance of the Town enacted on December 13, 2018 in connection with the acquisition by the Town of the KPSD System, and the current operating and maintenance expenses and customer usage as furnished to me by the Town, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the Town’s waterworks system, including the acquired KPSD System (together, the “System”), will (i) pay all repair, operation and maintenance expenses of the System, and (ii) leave a balance



each year equal to at least 115% of the maximum amount required in any year for debt service on the Town's Water Revenue Bonds, Series 2022 A, proposed to be issued in the amount of \$407,357 (the "Series 2022 A Bonds") to replace the Kopperston Public Service District Water Revenue Bond, Series 1996, and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Town's: (i) Water Revenue Bonds, Series 2021 A (West Virginia DWTRF Program), dated March 30, 2021, issued in the original principal amount of \$2,250,000 (the "Series 2021 A Bonds"); (ii) Water Revenue Bonds, Series 2018 A (West Virginia DWTRF Program), issued in the original principal amount of \$450,000 (the "Series 2018 A Bonds"); (iii) Waterworks System Design Revenue Bonds, Series 2017 A (West Virginia DWTRF Program), issued in the original principal amount of \$300,000 (the "Series 2017 A Bonds"); and (iv) Water Revenue and Refunding Bonds, Series 1996 (West Virginia Water Development Authority), dated September 20, 1996, issued in the original aggregate principal amount of \$2,172,800 (the "Series 1996 Bonds" and collectively with the Series 2021 A Bonds, the Series 2018 A Bonds and the Series 2017 A Bonds, the "Prior Bonds").

It is further my 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 2022 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the acquisition of the KPSD System by the Town are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2022 A Bonds.

In addition, the respective reserve accounts for the Series 2022 A Bonds and the Prior Bonds are funded in accordance with the applicable Bond Ordinances.

Very truly yours,



Imre D. Pentek, CPA



**ACQUISITION OF WATERWORKS SYSTEM AND ASSUMPTION OF DEBT OF
KOPPERSTON PUBLIC SERVICE DISTRICT
BY
TOWN OF OCEANA**

CONSENT OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

In reliance upon the Certificate of Imre Pentek, Certified Public Accountant, and the opinion of Spilman Thomas & Battle, PLLC, bond counsel, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the present holder of Kopperston Public Service District ("KPSD") Water Revenue Bonds, Series 1996 dated September 20, 1996, and issued in the original aggregate principal amount of \$644,000 (the "KPSD Bonds"), hereby consents to:

(i) the conveyance of the KPSD's water transmission and distribution facilities and customers to the Town of Oceana (the "Town"); and

(ii) the assumption of the KPSD Bonds by the Town and re-designation and replacement of such bonds as "Town of Oceana Water Revenue Bonds, Series 2022 A" (the "Series 2022 A Bonds") pursuant to the Bond Ordinance enacted by the Town on December 13, 2018, and its Supplemental Resolution adopted on December 13, 2018, and its Second Supplemental Resolution adopted on April 14, 2022, and the Acquisition Agreement (the "Acquisition").

Upon the Acquisition and upon reliance on the opinion of Bond Counsel, the Series 2022 A Bonds shall have a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues derived from the System in favor of the Authority as holder of the Town's: (i) Water Revenue and Refunding Bonds, Series 1996, dated September 20, 1996, issued in the original aggregate principal amount of \$2,172,800 (the "Series 1996 Bonds"); (ii) Waterworks System Design Revenue Bonds, Series 2017 A (West Virginia DWTRF Program), dated December 6, 2017, issued in the original aggregate principal amount of \$300,000 (the "Series 2017 A Bonds"); (iii) Water Revenue Bonds, Series 2018 A (West Virginia DWTRF Program), dated September 26, 2018, issued in the original aggregate principal amount of \$450,000 (the "Series 2018 A Bonds"); and (iv) Water Revenue Bonds, Series 2021 A (West Virginia DWTRF Program), dated March 30, 2021, issued in the original principal amount of \$2,250,000 (the "Series 2021 A Bonds" and collectively with the Series 1996 Bond, the Series 2017 A Bonds and the Series 2018 A Bonds, the "Prior Bonds").

Dated: June 28, 2022

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____

It's: Authorized Officer

**ACQUISITION OF WATERWORKS SYSTEMS AND ASSUMPTION OF DEBT OF
KOPPERSTON PUBLIC SERVICE DISTRICT
BY
TOWN OF OCEANA**

SWEEP RESOLUTION

WHEREAS, The Town of Oceana (the "Town") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Town plans to issue Water Revenue Bonds, Series 2022 A (the "2022 A Bonds");

WHEREAS, the Town makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which, in turn, pays the owners of the Bonds and deposits funds into the reserve fund;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, pursuant to Section 5a of Chapter 13, Article 3 of the Code of West Virginia, 1931, as amended, the MBC has established fees for its services (the "MBC Fee"); and

WHEREAS, the Town finds and determines that it is in the best interest of the Town, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Town's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

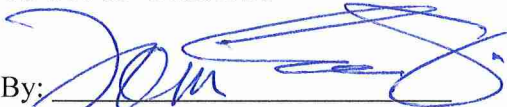
1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, along with the MBC Fee, shall be made to the MBC by electronic funds transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 14th day of April, 2022.

TOWN OF OCEANA

By: 

Tom Evans, Jr.
Mayor

Exhibit A

List each bond issue account and the Bank account number
from which the electronic transfer will be made.

<u>Bond Issue</u>	<u>Bank Account Information – Last 4 Digits</u>
Series 1996	3229
Series 2017 A	3229
Series 2018 A	3229
Series 2021 A	3229
Series 2022 A	3229

Email for main contact: tami.morgan@oceanawv.com gov

WEST VIRGINIA MUNICIPAL BOND COMMISSION**NEW ISSUE REPORT FORM**

900 Pennsylvania Avenue, Suite 1117, Charleston, WV 25302

Phone:(304) 558-3971

FAX: (304) 558-1280

mbc.wv.govDate of Report: 28-Jun-22ISSUE: Town of Oceana Water Revenue Bonds, Series 2022 A (Assumption of Kopperston PSD 1996 Bonds)ADDRESS: P.O. Box 190, Oceana, West Virginia 24870 COUNTY: WyomingPURPOSE OF ISSUE: New Money - Assumption of 1996 Bonds
 Refunding

Refunding issue(s) dated: _____

ISSUE DATE: 28-Jun-22RATE: 6.25% ADMIN FEE: _____ISSUE AMOUNT: \$407,3571st DEBT SERVICE DUE: October 1, 20221st PRINCIPAL DUE: October 1, 20221st DEBT SERVICE AMOUNT: \$ 31,776.49PAYING AGENT: WV Municipal Bond CommissionBOND COUNSEL: Spilman Thomas & Battle, PLLC

UNDERWRITERS COUNSEL: _____

Contact Name: Susan J. Riggs

Contact Name: _____

Phone: (304) 340-3867

Phone: _____

Email: sriggs@spilmanlaw.com

Email: _____

CLOSING BANK: United Bank

ESCROW TRUSTEE: _____

Contact Name: Thomas Provenzano

Contact Name: _____

Phone: 304-348-8356

Phone: _____

Email: Thomas.provenzano@bankwithunited.com

Email: _____

KNOWLEDGEABLE ISSUER CONTACT:

OTHER: _____

Contact Name: Tami Morgan

Contact Name: _____

Title: Treasurer

Title: _____

Phone: (304) 682-6231

Phone: _____

Email: tami.morgan@oceanawv.gov

Email: _____

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: _____

By: Wire _____

Capitalized Interest: _____

Check _____

Reserve Account: _____

In-house Transfer _____

Other: _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

To Escrow Trustee: _____

By: Wire _____

To Issuer: _____

Check _____

To Cons.Invest Fund: _____

IGT _____

To Other: See Notes

ISSUER NUMBERS:

BANK ID NUMBER: _____

CUSIP: _____

ACCOUNT NUMBER: _____

PROGRAM NUMBER: _____

NOTES:

The Revenue Fund and Reserve Fund held for the benefit of Kopperston PSD 1996 Bonds shall be transferred to the Revenue Fund and Reserve Fund for the Series 2022 A Bonds.

FOR MUNIICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

TOWN OF OCEANA
WATER REVENUE BONDS, SERIES 2022 A

June 28, 2022

Town of Oceana
Oceana, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Oceana, West Virginia, a municipal corporation and political subdivision of the State of West Virginia (the “Issuer”) in connection with its assumption of the Kopperston Public Service District Water Revenue Bonds, Series 1996, dated September 20, 1996, issued in the original aggregate principal amount of \$644,000 and currently outstanding in the amount of \$407,357 (the “KPSD Bonds”), and the re-designation and replacement of the KPSD Bonds with the Issuer’s Water Revenue Bonds, Series 2022 A (the “Series 2022 A Bonds”).

We have examined the applicable provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the “Act”), the Bond Ordinance duly enacted by the Issuer on December 13, 2018 (the “Bond Ordinance”), the Supplemental Resolution duly adopted by the Issuer on December 13, 2018 (the “Supplemental Resolution”) and the Second Supplemental Resolution duly adopted by the Issuer on April 14, 2022 (the “Second Supplemental Resolution” and together with the Bond Ordinance and the Supplemental Resolution, the “Bond Legislation”), and pursuant to and under the Act and the Bond Legislation the Series 2022 A Bonds are authorized and issued and under which the Loan Agreement dated September 20, 1996, between Kopperston Public Service District (“KPSD”) and the West Virginia Water Development Authority (the “Authority”) is assumed. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation when used herein.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer and KPSD, contained in the resolutions, ordinances and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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 and authority to operate and maintain the System, to adopt or enact the Bond Legislation and to assume and re-designate the Series 2022 A Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively adopted by the Issuer, are in full force and effect as of the date hereof and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their terms.

3. The Series 2022 A Bonds have been duly authorized, assumed, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from 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 (i) \$2,172,000 Water Revenue and Refunding Bonds, Series 1996, (ii) \$300,000 Waterworks System Design Revenue Bonds, Series 2017 A (West Virginia DWTRF Program), (iii) \$450,000 Water Revenue Bonds, Series 2018 A (West Virginia DWTRF Program), and (iv) \$2,250,000 Water Revenue Bonds, Series 2021 A (West Virginia DWTRF Program), all in accordance with the terms of the Bond Legislation and the Act.

4. Under existing laws, regulations, rulings and judicial decisions of the United States of America, the acquisition of KPSD's water transmission and distribution facilities and the assumption, re-designation and replacement of the KPSD Bonds with the Series 2022 A Bonds does not adversely affect either (a) the excludability of the interest on the Series 2022 A Bonds from the gross income of the owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, or (b) the exemption of the Series 2022 A Bonds from taxation by the State of West Virginia, or any county, municipality or county commission, political subdivision or agency thereof. We express no other opinion regarding any other tax consequences of the ownership of or receipt or accrual of interest on the Series 2022 A Bonds. Furthermore, we express no opinion as to the effect on the excludability of the interest on the Series 2022 A Bonds from gross income of (i) any future event for which the Bond Legislation requires an opinion of Bond Counsel or (ii) any future amendment of the Bond Legislation or waiver of the terms thereof.

It is to be understood that the rights of the holders of the Series 2022 A Bonds and the enforceability of the Series 2022 A Bonds and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency,

reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

This opinion is given as of the date hereof, based on the law in effect and the factual representations made to us as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any changes in law that may hereafter occur or any changes in facts or circumstances that may hereafter occur or come to our attention. This opinion is limited to the matters set forth above, and no other opinions should be implied or inferred beyond the matters expressly stated.

This opinion is rendered to the addressees set forth above solely for their use in connection with the transactions contemplated under the Bond Legislation, is solely for the benefit of those addressees, and their respective successors and assigns and, except where we have given our prior written consent, may not be relied upon by anyone else or used for any purpose other than in connection with the consummation of the transactions contemplated in the Bond Legislation.

Very truly yours,

Spilman Thomas & Battle, PLLC

Spilman Thomas & Battle, PLLC