

**TOWN OF MARMET  
SEWER REVENUE BONDS, SERIES 2009 A  
(WEST VIRGINIA SRF PROGRAM) AND  
SEWER REVENUE BONDS, SERIES 2009 B  
(WEST VIRGINIA SRF PROGRAM/ARRA)**

**CONFORMED BOND ORDINANCE**

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## CERTIFICATION EXHIBIT A

## TOWN OF MARMET

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF MARMET AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF MARMET OF NOT MORE THAN \$5,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$5,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING AN ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

### ARTICLE I

#### **STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements for the existing public sewerage system of the Issuer, consisting of upgrades and improvements to the Town's sanitary

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

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), all pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than \$10,000,000 in two or more series (collectively, the "Series 2009 Bonds"), initially planned to be (i) the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$5,000,000 (the "Series 2009 A Bonds"); and (ii) the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of not more than \$5,000,000 (the "Series 2009 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2009 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined) for the Series 2009 Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2009 Bonds be sold to the Authority pursuant to the terms and provisions of an ARRA assistance agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 Bonds as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$664,013 (the "Series 1990 A Bonds"). There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2009 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$30,987 (the "Series 1990 B Bonds"). The Series 1990 A Bonds and the Series 1990 B Bonds may be hereinafter collectively referred to as the "Prior Bonds".

The Series 2009 Bonds shall be issued on a parity with the Series 1990 A Bonds and senior and prior to the Series 1990 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2009 Bonds, the Issuer will obtain (a) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Series 1990 A Bonds are met, (b) the written consent of the registered owners of the Series 1990 A Bonds to the issuance of the Series 2009 Bonds on a parity with the Series 1990 A Bonds; and (c) the written consent of the Holders of the Series 1990 B Bonds to the issuance of the Series 2009 Bonds senior and prior to the Series 1990 B Bonds. Except for the Prior Bonds the Issuer has no other bonds, notes, or other obligations secured by or payable from revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds, and the Series 2009 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2009 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2009 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for

the equal benefit, protection and security of the Bondholders of any and all of such Series 2009 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"ARRA Assistance Agreement" means the ARRA Assistance Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2009 Bonds from the Issuer by the Authority, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

"Bond Construction Trust Funds" means the respective Bond Construction Trust Funds established by Section 5.01 hereof.

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

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

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

"Bonds" means, collectively, the Series 2009 Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith and/or senior to the Series 2009 Bonds subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for all or a portion of the proceeds of the Series 2009 Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

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

"Prior Bonds" means, collectively, the Series 1990 A and Series 1990 B.

"Prior Ordinance" means the ordinance of the Issuer authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" means and includes the following:

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

the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2009 Bonds.

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

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

"Series 1990 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$664,013.

"Series 1990 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$30,987.

"Series 2009 A Bonds" means the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 B Bonds" means the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Ordinance.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 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 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 Bonds" means, collectively, the Series 2009 A Bonds and the Series 2009 B Bonds.

"Series 2009 Bonds Construction Trust Fund" means the Series 2009 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2009 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the ARRA Assistance Agreement for the Series 2009 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2009 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the Bond Legislation or the Prior Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

"Town Clerk", "Clerk" means the Town Clerk of the Issuer.

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

## **ARTICLE II**

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

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed \$11,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids or will receive and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed \$11,500,000, of which up to \$5,000,000 will be obtained from proceeds of the Series 2009 A Bonds, up to \$5,000,000 will be obtained from proceeds of the Series 2009 B Bonds, and up to \$1,500,000 will be obtained pursuant to a Small Cities Block Grant.

### **ARTICLE III**

#### **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT**

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

**Section 3.02. Terms of Bonds.** The Series 2009 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2009 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2009 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2009 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2009 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2009 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Town Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2009 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2009 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2009 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2009 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 2009 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2009 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2009 Bonds are exercised, all Series 2009 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2009 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2009 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond

upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2009 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2009 Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2009 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2009 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1990 A Bonds and senior and prior to the Series 1990 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 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 2009 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the ARRA Assistance Agreement; and
- E. The unqualified approving opinions of bond counsel on the Series 2009 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2009 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET  
SEWER REVENUE BONDS, SERIES 2009 A  
(WEST VIRGINIA SRF PROGRAM)

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

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

KNOW ALL MEN BY THESE PRESENTS: That on the \_\_\_\_ day of \_\_\_\_\_, 2009, the TOWN OF MARMET, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, to and including \_\_\_\_\_ 1, 20\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP dated \_\_\_\_\_, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in

full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2009, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$664,013, (THE "SERIES 1990 A BONDS"), AND (ii) THE SERIES 2009 B BONDS, DATED \_\_\_\_\_, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_, (THE "SERIES 2009 B BONDS"), ISSUED SIMULTANEOUSLY HERewith.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$30,987, (THE "SERIES 1990 B BONDS").

THE SERIES 1990 A BONDS AND THE SERIES 1990 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 2009 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 A Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Series 2009 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Series 2009 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2009 A Bonds including the Prior Bonds and the Series 2009 B Bonds; provided however, that, so long as there exists in the Series 2009 A

Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Series 2009 A Bonds, including the Series 2009 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2009.

\_\_\_\_\_  
as Registrar

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

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

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

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2009 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET  
SEWER REVENUE BONDS, SERIES 2009 B  
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-\_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That on the \_\_\_\_ day of \_\_\_\_\_, 2009, the TOWN OF MARMET, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, to and including \_\_\_\_\_ 1, 20\_\_\_\_ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative Fee (as defined in the hereinafter describe Bond Legislation).

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2009, and a

Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$664,013, (THE "SERIES 1990 A BONDS"), AND (ii) THE SERIES 2009 A BONDS, DATED \_\_\_\_\_, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_, (THE "SERIES 2009 A BONDS"), ISSUED SIMULTANEOUSLY HERewith.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$30,987, (THE "SERIES 1990 B BONDS").

THE SERIES 1990 A BONDS AND THE SERIES 1990 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 2009 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 B Bonds (the "Series 2009 B Bonds Reserve Account"), and unexpended proceeds of the Series 2009 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Series 2009 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 B Bonds including the Series 2009 A Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity

with or junior and subordinate to the Bonds, including the Series 2009 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2009.

\_\_\_\_\_  
as Registrar

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

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

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

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2009 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the ARRA Assistance Agreement in the forms attached hereto as "EXHIBIT A" and made a part hereof, and the Town Clerk is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2009 Bonds, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

**ARTICLE IV**

[RESERVED]

## ARTICLE V

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

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (established by Prior Ordinance);
- (2) Renewal and Replacement Fund (established by Prior Ordinance); and
- (3) Series 2009 Bonds Construction Trust Fund.

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

- (1) Series 1990 A Bonds Sinking Fund (established by Prior Ordinance);
- (2) Series 1990 A Bonds Reserve Account (established by Prior Ordinance);
- (3) Series 1990 B Bonds Sinking Fund (established by Prior Ordinance);
- (4) Series 1990 B Bonds Reserve Account (established by Prior Ordinance);
- (5) Series 2009 A Bonds Sinking Fund;
- (6) Series 2009 A Bonds Reserve Account;
- (7) Series 2009 B Bonds Sinking Fund; and
- (8) Series 2009 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund, the amount required by the Prior Ordinance for the payment of interest on the Series 1990 A Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1990 A Bonds Sinking Fund, the amount required by the Prior Ordinance for payment of principal of the Series 1990 A Bonds; (ii) commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2009 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2009 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1990 A Bonds Reserve Account, the amount required by the Prior Ordinance; (ii) commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 A Bonds

Reserve Requirement; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, if not fully funded upon issuance of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 B Bonds Reserve Requirement.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Sinking Fund the amounts required by the Prior Ordinance to pay principal of the Series 1990 B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Reserve Account the amount required by the Prior Ordinance.

Monies in the Series 2009 A Bonds Sinking Fund and Series 2009 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 Bonds, respectively, as the same shall become due. Monies in the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2009 Bonds, respectively, as the same shall come due, when other monies in the Series 2009 A Bonds Sinking Fund and the Series 2009 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2009 Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2009 Bonds, if any, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2009 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund or the Series 2009 B Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2009 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue, if any, until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1990 A Bonds, the Series 2009 A Bonds, and the Series 2009 B Bonds in accordance with the respective principal amounts then Outstanding and senior and prior to the Series 1990 B Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be used solely

and only for, and are hereby pledged for, the purpose of servicing the Series 2009 Bonds, respectively, under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2009 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the ARRA Assistance Agreement for the Series 2009 Bonds.

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

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2009 Bonds and the Series 1990 A Bonds and senior and prior to the Series 1990 B Bonds all in accordance with the respective principal amounts outstanding before being applied to any other payments hereunder.

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

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

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

## ARTICLE VI

### **APPLICATION OF BOND PROCEEDS**

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.  
From the monies received from the sale of the Series 2009 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Bonds, there shall first be deposited with the Commission in the Series 2009 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2009 A Bonds, there shall be deposited with the Commission in the Series 2009 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 A Bonds Reserve Account.

C. As the Issuer receives advances of the monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2009 A Bonds.

D. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

E. Next, from the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 B Bonds Reserve Account.

F. As the Issuer receives advances of the monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining

proceeds of the Series 2009 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds.

A. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2009 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2009 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule; and
- (2) a certificate, signed by an Authorized Officer, stating that:
  - (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
  - (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
  - (C) Each of such costs has been otherwise properly incurred; and
  - (D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2009 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2009 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2009 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule; and
- (2) a certificate, signed by an Authorized Officer, stating that:
  - (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
  - (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
  - (C) Each of such costs has been otherwise properly incurred; and
  - (D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2009 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## **ARTICLE VII**

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

**Section 7.01. General Covenants of the Issuer.** All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2009 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2009 Bonds or the interest, if any, thereon is Outstanding and unpaid.

**Section 7.02. Bonds not to be Indebtedness of the Issuer.** The Series 2009 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2009 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bonds or the interest thereon.

**Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds.** The payment of the debt service on the Series 2009 Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1990 A Bonds and senior and prior to the Series 1990 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

**Section 7.04. Rates and Charges.** The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted April 28, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2009 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the ARRA Assistance Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2009 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the ARRA Assistance Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and

increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the ARRA Assistance Agreement.

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

So long as the Series 2009 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2009A Bonds Sinking Fund and the Series 2009 B Bonds Sinking Fund, respectively, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2009 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

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

So long as the Series 1990 A Bonds, and the Series 2009 Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Town Clerk a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be

financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Town Clerk prior to the issuance of such Parity Bonds.

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

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

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

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinance with respect to the

Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinance, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinance.

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2009 Bonds and shall mail in each year to any Holder or Holders of the Series 2009 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2009 Bonds and shall submit the report to the Authority and the DEP or any other original purchaser of the Series 2009 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and ARRA Assistance Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the ARRA Assistance Agreement for the Series 2009 Bonds or any Exhibit thereto or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2009 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Town Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to meet the coverage requirements set forth in the Prior Ordinance so long as the Prior Bonds are outstanding and thereafter, (i)

to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2009 Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2009 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2009 Bonds.

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

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the ARRA Assistance Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved

plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement for the Series 2009 Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other

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

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

**Section 7.15. Insurance and Construction Bonds.** A. The Issuer hereby covenants and agrees that so long as the Series 2009 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority,

the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the ARRA

Assistance Agreement so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2009 Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I).

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

Section 7.19. [RESERVED].

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

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2009 Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2009 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1990 A Bonds and senior and prior to the Series 1990 B Bonds.

## **ARTICLE VIII**

### **INVESTMENT OF FUNDS**

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2009 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2009 Bonds from gross income for federal income tax purposes.

**Section 8.02. Certificate as to Use of Proceeds.** The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2009 Bonds as a condition to issuance of the Series 2009 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in order to maintain the status of the Series 2009 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2009 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2009 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this

Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2009 Bonds and any additional information requested by the Authority.

## **ARTICLE IX**

### **DEFAULT AND REMEDIES**

**Section 9.01. Events of Default.** Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2009 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2009 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

**Section 9.02. Remedies.** Upon the happening and continuance of any Event of Default, any Registered Owner or Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Bondholders including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 Bonds shall be on a parity with those of the Holders of the Series 1990 A Bonds, and senior and prior to the Series 1990 B Bonds.

**Section 9.03. Appointment of Receiver.** Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to

such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers herein above conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

## **ARTICLE X**

### **PAYMENT OF BONDS**

Section 10.01. Payment of Series 2009 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2009 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2009 A Bonds from gross income for federal income tax purposes.

Section 10.02. Payment of Series 2009 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of all of the Series 2009 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2009 B Bonds from gross income for federal income tax purposes.

**ARTICLE XI**  
**MISCELLANEOUS**

Section 11.01. American Recovery and Reinvestment Act. If the Issuer is notified by DEP that one or more of its Bonds will be purchased by the Authority on behalf of DEP using funding from the ARRA, then the terms and conditions contained in the ARRA Assistance Agreement required by the ARRA will be incorporated herein and made a part of this Bond Legislation as if specifically set forth herein. The Issuer will follow the requirements set forth by DEP and will provide ongoing reporting and information as is required by DEP and the ARRA.

Section 11.02. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2009 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2009 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2009 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2009 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2009 Bonds from gross income of the holders thereof.

Section 11.03. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.04. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2009 Bonds.

Section 11.05. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.06. Conflicting Provisions Repealed; Prior Ordinance. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance

and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Town Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

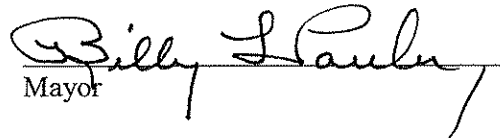
Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Charleston Gazette*, a newspaper of general circulation in the Town of Marmet, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2009 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: April 20, 2009

Passed on Second Reading: May 18, 2009

Passed on Final Reading  
Following Public Hearing: June 15, 2009

  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the TOWN OF MARMET on the 15th day of June, 2009.

Dated: June 18, 2009.

[SEAL]

  
\_\_\_\_\_  
Town Clerk

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Document 3

03.23.09  
552540.00001

TOWN OF MARMET

Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program); and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA) OF THE TOWN OF MARMET; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town council (the "Governing Body") of the Town of Marmet (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective June 15, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF MARMET AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF MARMET OF NOT MORE THAN \$5,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$5,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING

TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) in an aggregate principal amount not to exceed \$5,000,000 and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA) in an aggregate principal amount not to exceed \$5,000,000;

WHEREAS, the Bond Ordinance has authorized the execution and delivery of an ARRA assistance agreement relating to the Series 2009 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the ARRA Assistance Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2009 Bonds should be established by a supplemental resolution pertaining to the Series 2009 Bonds; and that other matters relating to the Series 2009 Bonds be herein provided for;

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

WHEREAS, the Series 2009 A Bonds and the Series 2009 B Bonds are proposed to be purchased by the Authority pursuant to the ARRA Assistance Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2009 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2009 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF MARMET:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of \$1,688,771. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2040, and shall bear no interest. The principal of the Series 2009 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2010, to and including September 1, 2040, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2009 A Bonds and incorporated in and made a part of the Series 2009 A Bonds. The Series 2009 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to .25% of the principal amount of the Series 2009 A Bonds set forth in "Schedule Y" attached to the ARRA Assistance Agreement.

B. Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the original aggregate principal amount of \$3,940,466. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2020, and shall bear no interest. The principal of the Series 2009 B Bonds shall be 100% forgiven as set forth in ARRA Assistance Agreement. The Series 2009 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 B Bonds. The Series 2009 B Bonds are not subject to the SRF Administrative Fee.

Section 2. All other provisions relating to the Series 2009 Bonds and the text of each series of the Series 2009 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the Series 2009 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2009 Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2009 Bonds under

the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2009 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2009 Bonds under the Bond Ordinance.

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

Section 8. Series 2009 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 A Bonds Reserve Account.

Section 10. Series 2009 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds shall be deposited in or credited to the Series 2009 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2009 Bonds and related costs.

Section 12. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2009 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2009 Bonds may be delivered on or about June 18, 2009, to the Authority pursuant to the ARRA Assistance Agreement.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2009 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Series 2009 Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A and hereby incorporated herein.

Section 17. The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

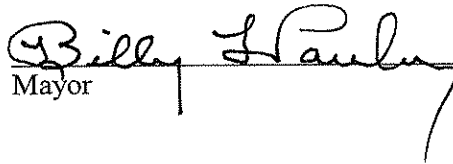
Section 18 The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia

Section 19. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit B.

Section 20. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 15th day of June, 2009.

  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Marmet on the 15th day of June, 2009.

Dated: June 18, 2009.

[SEAL]

  
Town Clerk

06.09.09  
552540.00001

CH5115717.1

## EXHIBIT A

### SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

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

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on [www.recovery.gov](http://www.recovery.gov), and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with

nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated “Series [2009] B” and shall contain “(WVCWSRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

EXHIBIT B

CONFORMED BOND ORDINANCE

(See Tab 1 of Bond Transcript)

ARRA ASSISTANCE AGREEMENT

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

TOWN OF MARMET (C-544074/2001S-588)  
(Local Government)

W I T N E S S E T H:

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

WHEREAS, the United States Congress has provided additional capitalization grant funding under the Clean Water Act through the American Recovery and Reinvestment Act of 2009 (the "ARRA");

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

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

WHEREAS, the ARRA provides that at least fifty percent (50%) of the funds provided through the capitalization grant be provided as negative interest loans or principal forgiveness (the "ARRA Assistance");

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act, the ARRA and the Act;

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

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

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

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

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

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with

moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. ~~Until the Project facilities are completed and accepted by the Local Government, the~~ Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent

(100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to DEP and the Authority.

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

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

2.15 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

### ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

execution of this ARRA Assistance Agreement by the Authority or such later date as is agreed to in writing by DEP.

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

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) unless waived or modified by Schedule X and to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on

the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees

paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Local Government

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

7.7 This ARRA Assistance Agreement shall terminate upon the earlier of:

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

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

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

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

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

TOWN OF MARMET

(SEAL)

Attest:

By: Billy Hauling  
Its: Mayor  
Date: June 18, 2009

Joe Runyon  
Its: Recorder

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

By: St. G. M. Hall  
Its: Acting Director  
Date: June 18, 2009

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

Attest:

By: [Signature]  
Its: Executive Director  
Date: June 18, 2009

Carol A. Cummings  
Its: Secretary-Treasurer

{C1549628.1}

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

## EXHIBIT B

### MONTHLY FINANCIAL REPORT

Name of Local Government \_\_\_\_\_

Name of Bond Issue(s) \_\_\_\_\_

Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater \_\_\_\_\_

Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

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

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

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

(Name of Bonds)

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

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

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

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

A, and my firm<sup>1</sup> has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) the Issuer has received the Buy American Certificate from each contractor; (x) as of the effective date thereof<sup>2</sup>, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

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

[SEAL]

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<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_, Esq.] and delete "my firm has ascertained that".

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

## EXHIBIT E

### SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items

acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

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

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA

Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on [www.recovery.gov](http://www.recovery.gov), and any subsequent guidance documents issued by OMB.

P. **DISADVANTAGED BUSINESS ENTERPRISE** – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

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

R. **BOND DESIGNATION** – Each Local Bond funded by ARRA funds shall be designated “Series [2009] B” and shall contain “(WVCWSRF Program/ARRA)” in the bond name.

S. **USER RATES** – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$

Principal \$

Total: \$

Reserve Account: \$

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

[Name of Local Government]

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

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

resolution duly adopted by the Local Government on \_\_\_\_\_ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the ARRA Assistance Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the ARRA Assistance Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

#### A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds \$1,688,771

Purchase Price of Local Bonds \$1,688,771

The Local Bonds shall bear no interest. Commencing December 1, 2010, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.25%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of New Customers to Be Served: 0

Location: N/A

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

- (i) Town of Marmet Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$664,013; and
- (ii) Town of Marmet Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated June 18, 2009, issued in the original aggregate principal amount of \$3,940,466.

There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2009 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$30,987.

B. Series B Bonds (ARRA)

|                                 |             |
|---------------------------------|-------------|
| Principal Amount of Local Bonds | \$3,940,466 |
| Purchase Price of Local Bonds   | \$3,940,466 |

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. Principal forgiveness shall begin on December 1, 2010 and shall be made quarterly thereafter (March 1, June 1, September 1 and December 1 of each year) as set forth on Schedule Y attached hereto and incorporated herein by reference for a period of ten years.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

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**BOND DEBT SERVICE**

Town of Marmet

0% Interest Rate

0.25% Administrative Fee

30 Years

Dated Date 6/18/2009

Delivery Date 6/18/2009

| Period Ending | Principal | Interest | Debt Service |
|---------------|-----------|----------|--------------|
| 6/18/2009     |           |          |              |
| 12/1/2010     | 14,073.   |          | 14,073.      |
| 3/1/2011      | 14,073.   |          | 14,073.      |
| 6/1/2011      | 14,073.   |          | 14,073.      |
| 9/1/2011      | 14,074.   |          | 14,074.      |
| 12/1/2011     | 14,073.   |          | 14,073.      |
| 3/1/2012      | 14,073.   |          | 14,073.      |
| 6/1/2012      | 14,073.   |          | 14,073.      |
| 9/1/2012      | 14,074.   |          | 14,074.      |
| 12/1/2012     | 14,073.   |          | 14,073.      |
| 3/1/2013      | 14,073.   |          | 14,073.      |
| 6/1/2013      | 14,073.   |          | 14,073.      |
| 9/1/2013      | 14,074.   |          | 14,074.      |
| 12/1/2013     | 14,073.   |          | 14,073.      |
| 3/1/2014      | 14,073.   |          | 14,073.      |
| 6/1/2014      | 14,073.   |          | 14,073.      |
| 9/1/2014      | 14,074.   |          | 14,074.      |
| 12/1/2014     | 14,073.   |          | 14,073.      |
| 3/1/2015      | 14,073.   |          | 14,073.      |
| 6/1/2015      | 14,073.   |          | 14,073.      |
| 9/1/2015      | 14,074.   |          | 14,074.      |
| 12/1/2015     | 14,073.   |          | 14,073.      |
| 3/1/2016      | 14,073.   |          | 14,073.      |
| 6/1/2016      | 14,073.   |          | 14,073.      |
| 9/1/2016      | 14,074.   |          | 14,074.      |
| 12/1/2016     | 14,073.   |          | 14,073.      |
| 3/1/2017      | 14,073.   |          | 14,073.      |
| 6/1/2017      | 14,073.   |          | 14,073.      |
| 9/1/2017      | 14,074.   |          | 14,074.      |
| 12/1/2017     | 14,073.   |          | 14,073.      |
| 3/1/2018      | 14,073.   |          | 14,073.      |
| 6/1/2018      | 14,073.   |          | 14,073.      |
| 9/1/2018      | 14,074.   |          | 14,074.      |
| 12/1/2018     | 14,073.   |          | 14,073.      |
| 3/1/2019      | 14,073.   |          | 14,073.      |
| 6/1/2019      | 14,073.   |          | 14,073.      |
| 9/1/2019      | 14,074.   |          | 14,074.      |
| 12/1/2019     | 14,073.   |          | 14,073.      |
| 3/1/2020      | 14,073.   |          | 14,073.      |
| 6/1/2020      | 14,073.   |          | 14,073.      |
| 9/1/2020      | 14,074.   |          | 14,074.      |
| 12/1/2020     | 14,073.   |          | 14,073.      |
| 3/1/2021      | 14,073.   |          | 14,073.      |
| 6/1/2021      | 14,073.   |          | 14,073.      |

**BOND DEBT SERVICE**  
Town of Marmet  
0% Interest Rate  
0.25% Administrative Fee  
30 Years

| Period Ending | Principal | Interest | Debt Service |
|---------------|-----------|----------|--------------|
| 9/1/2021      | 14,074.   |          | 14,074.      |
| 12/1/2021     | 14,073.   |          | 14,073.      |
| 3/1/2022      | 14,073.   |          | 14,073.      |
| 6/1/2022      | 14,073.   |          | 14,073.      |
| 9/1/2022      | 14,073.   |          | 14,073.      |
| 12/1/2022     | 14,073.   |          | 14,073.      |
| 3/1/2023      | 14,073.   |          | 14,073.      |
| 6/1/2023      | 14,073.   |          | 14,073.      |
| 9/1/2023      | 14,073.   |          | 14,073.      |
| 12/1/2023     | 14,073.   |          | 14,073.      |
| 3/1/2024      | 14,073.   |          | 14,073.      |
| 6/1/2024      | 14,073.   |          | 14,073.      |
| 9/1/2024      | 14,073.   |          | 14,073.      |
| 12/1/2024     | 14,073.   |          | 14,073.      |
| 3/1/2025      | 14,073.   |          | 14,073.      |
| 6/1/2025      | 14,073.   |          | 14,073.      |
| 9/1/2025      | 14,073.   |          | 14,073.      |
| 12/1/2025     | 14,073.   |          | 14,073.      |
| 3/1/2026      | 14,073.   |          | 14,073.      |
| 6/1/2026      | 14,073.   |          | 14,073.      |
| 9/1/2026      | 14,073.   |          | 14,073.      |
| 12/1/2026     | 14,073.   |          | 14,073.      |
| 3/1/2027      | 14,073.   |          | 14,073.      |
| 6/1/2027      | 14,073.   |          | 14,073.      |
| 9/1/2027      | 14,073.   |          | 14,073.      |
| 12/1/2027     | 14,073.   |          | 14,073.      |
| 3/1/2028      | 14,073.   |          | 14,073.      |
| 6/1/2028      | 14,073.   |          | 14,073.      |
| 9/1/2028      | 14,073.   |          | 14,073.      |
| 12/1/2028     | 14,073.   |          | 14,073.      |
| 3/1/2029      | 14,073.   |          | 14,073.      |
| 6/1/2029      | 14,073.   |          | 14,073.      |
| 9/1/2029      | 14,073.   |          | 14,073.      |
| 12/1/2029     | 14,073.   |          | 14,073.      |
| 3/1/2030      | 14,073.   |          | 14,073.      |
| 6/1/2030      | 14,073.   |          | 14,073.      |
| 9/1/2030      | 14,073.   |          | 14,073.      |
| 12/1/2030     | 14,073.   |          | 14,073.      |
| 3/1/2031      | 14,073.   |          | 14,073.      |
| 6/1/2031      | 14,073.   |          | 14,073.      |
| 9/1/2031      | 14,073.   |          | 14,073.      |
| 12/1/2031     | 14,073.   |          | 14,073.      |
| 3/1/2032      | 14,073.   |          | 14,073.      |
| 6/1/2032      | 14,073.   |          | 14,073.      |
| 9/1/2032      | 14,073.   |          | 14,073.      |
| 12/1/2032     | 14,073.   |          | 14,073.      |
| 3/1/2033      | 14,073.   |          | 14,073.      |
| 6/1/2033      | 14,073.   |          | 14,073.      |

**BOND DEBT SERVICE**

Town of Marmet

0% Interest Rate

0.25% Administrative Fee

30 Years

| Period Ending | Principal         | Interest | Debt Service      |
|---------------|-------------------|----------|-------------------|
| 9/1/2033      | 14,073.           |          | 14,073.           |
| 12/1/2033     | 14,073.           |          | 14,073.           |
| 3/1/2034      | 14,073.           |          | 14,073.           |
| 6/1/2034      | 14,073.           |          | 14,073.           |
| 9/1/2034      | 14,073.           |          | 14,073.           |
| 12/1/2034     | 14,073.           |          | 14,073.           |
| 3/1/2035      | 14,073.           |          | 14,073.           |
| 6/1/2035      | 14,073.           |          | 14,073.           |
| 9/1/2035      | 14,073.           |          | 14,073.           |
| 12/1/2035     | 14,073.           |          | 14,073.           |
| 3/1/2036      | 14,073.           |          | 14,073.           |
| 6/1/2036      | 14,073.           |          | 14,073.           |
| 9/1/2036      | 14,073.           |          | 14,073.           |
| 12/1/2036     | 14,073.           |          | 14,073.           |
| 3/1/2037      | 14,073.           |          | 14,073.           |
| 6/1/2037      | 14,073.           |          | 14,073.           |
| 9/1/2037      | 14,073.           |          | 14,073.           |
| 12/1/2037     | 14,073.           |          | 14,073.           |
| 3/1/2038      | 14,073.           |          | 14,073.           |
| 6/1/2038      | 14,073.           |          | 14,073.           |
| 9/1/2038      | 14,073.           |          | 14,073.           |
| 12/1/2038     | 14,073.           |          | 14,073.           |
| 3/1/2039      | 14,073.           |          | 14,073.           |
| 6/1/2039      | 14,073.           |          | 14,073.           |
| 9/1/2039      | 14,073.           |          | 14,073.           |
| 12/1/2039     | 14,073.           |          | 14,073.           |
| 3/1/2040      | 14,073.           |          | 14,073.           |
| 6/1/2040      | 14,073.           |          | 14,073.           |
| 9/1/2040      | 14,073.           |          | 14,073.           |
|               | <b>1,688,771.</b> |          | <b>1,688,771.</b> |

Quarterly Admin Fee \$532.14

Total Admin Fee \$63,856.80

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**BOND DEBT SERVICE**

Town of Marmet

100% Forgiveness

10 Years

Dated Date 6/18/2009

Delivery Date 6/18/2009

| Period Ending | Debt Service      | Principal Forgiveness |
|---------------|-------------------|-----------------------|
| 6/18/2009     |                   |                       |
| 12/1/2010     | 98,512.           | -98,512.              |
| 3/1/2011      | 98,512.           | -98,512.              |
| 6/1/2011      | 98,512.           | -98,512.              |
| 9/1/2011      | 98,512.           | -98,512.              |
| 12/1/2011     | 98,512.           | -98,512.              |
| 3/1/2012      | 98,512.           | -98,512.              |
| 6/1/2012      | 98,512.           | -98,512.              |
| 9/1/2012      | 98,512.           | -98,512.              |
| 12/1/2012     | 98,512.           | -98,512.              |
| 3/1/2013      | 98,512.           | -98,512.              |
| 6/1/2013      | 98,512.           | -98,512.              |
| 9/1/2013      | 98,512.           | -98,512.              |
| 12/1/2013     | 98,512.           | -98,512.              |
| 3/1/2014      | 98,512.           | -98,512.              |
| 6/1/2014      | 98,512.           | -98,512.              |
| 9/1/2014      | 98,512.           | -98,512.              |
| 12/1/2014     | 98,512.           | -98,512.              |
| 3/1/2015      | 98,512.           | -98,512.              |
| 6/1/2015      | 98,512.           | -98,512.              |
| 9/1/2015      | 98,512.           | -98,512.              |
| 12/1/2015     | 98,512.           | -98,512.              |
| 3/1/2016      | 98,512.           | -98,512.              |
| 6/1/2016      | 98,512.           | -98,512.              |
| 9/1/2016      | 98,512.           | -98,512.              |
| 12/1/2016     | 98,512.           | -98,512.              |
| 3/1/2017      | 98,511.           | -98,511.              |
| 6/1/2017      | 98,511.           | -98,511.              |
| 9/1/2017      | 98,511.           | -98,511.              |
| 12/1/2017     | 98,511.           | -98,511.              |
| 3/1/2018      | 98,511.           | -98,511.              |
| 6/1/2018      | 98,511.           | -98,511.              |
| 9/1/2018      | 98,511.           | -98,511.              |
| 12/1/2018     | 98,511.           | -98,511.              |
| 3/1/2019      | 98,511.           | -98,511.              |
| 6/1/2019      | 98,511.           | -98,511.              |
| 9/1/2019      | 98,511.           | -98,511.              |
| 12/1/2019     | 98,511.           | -98,511.              |
| 3/1/2020      | 98,511.           | -98,511.              |
| 6/1/2020      | 98,511.           | -98,511.              |
| 9/1/2020      | 98,512.           | -98,512.              |
|               | <b>3,940,466.</b> | <b>-3,940,466.</b>    |

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET  
SEWER REVENUE BONDS, SERIES 2009 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$1,688,771

KNOW ALL MEN BY THESE PRESENTS: That on the 18th day of June, 2009, the TOWN OF MARMET, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 ONE MILLION SIX HUNDRED EIGHTY EIGHT THOUSAND SEVEN HUNDRED SEVENTY-ONE DOLLARS (\$1,688,771), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2010, to and including September 1, 2040, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2010, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP dated June 18, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 15, 2009, and a Supplemental Resolution duly adopted by the Issuer on June 15, 2009 (collectively, the "Bond

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

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$664,013, (THE "SERIES 1990 A BONDS"), AND (ii) THE SERIES 2009 B BONDS, DATED JUNE 18, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,940,466, (THE "SERIES 2009 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$30,987, (THE "SERIES 1990 B BONDS").

THE SERIES 1990 A BONDS AND THE SERIES 1990 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 2009 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 A Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Series 2009 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Series 2009 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2009 A Bonds including the Prior Bonds and the Series 2009 B Bonds; provided however, that, so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Series 2009 A Bonds, including the Series 2009 B Bonds and the Prior Bonds, an

amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

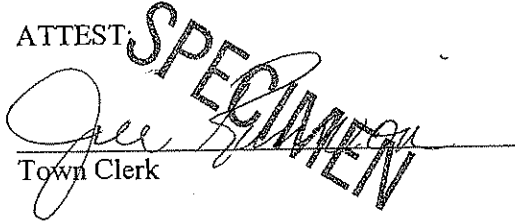
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

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

[SEAL]

  
Mayor

ATTEST:

  
Town Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 18, 2009.

The Huntington National Bank  
as Registrar

**SPECIMEN**  
  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

| AMOUNT        | DATE          | AMOUNT | DATE |
|---------------|---------------|--------|------|
| (1) \$291,075 | June 18, 2009 | (19)   |      |
| (2)           |               | (20)   |      |
| (3)           |               | (21)   |      |
| (4)           |               | (22)   |      |
| (5)           |               | (23)   |      |
| (6)           |               | (24)   |      |
| (7)           |               | (25)   |      |
| (8)           |               | (26)   |      |
| (9)           |               | (27)   |      |
| (10)          |               | (28)   |      |
| (11)          |               | (29)   |      |
| (12)          |               | (30)   |      |
| (13)          |               | (31)   |      |
| (14)          |               | (32)   |      |
| (15)          |               | (33)   |      |
| (16)          |               | (34)   |      |
| (17)          |               | (35)   |      |
| (18)          |               | (36)   |      |

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

EXHIBIT B

DEBT SERVICE SCHEDULE

**BOND DEBT SERVICE**  
Town of Marmet  
0% Interest Rate  
0.25% Administrative Fee  
30 Years

Dated Date 6/18/2009  
Delivery  
Date 6/18/2009

| Period<br>Ending | Principal | Interest | Debt Service |
|------------------|-----------|----------|--------------|
| 6/18/2009        |           |          |              |
| 12/1/2010        | 14,073.   |          | 14,073.      |
| 3/1/2011         | 14,073.   |          | 14,073.      |
| 6/1/2011         | 14,073.   |          | 14,073.      |
| 9/1/2011         | 14,074.   |          | 14,074.      |
| 12/1/2011        | 14,073.   |          | 14,073.      |
| 3/1/2012         | 14,073.   |          | 14,073.      |
| 6/1/2012         | 14,073.   |          | 14,073.      |
| 9/1/2012         | 14,074.   |          | 14,074.      |
| 12/1/2012        | 14,073.   |          | 14,073.      |
| 3/1/2013         | 14,073.   |          | 14,073.      |
| 6/1/2013         | 14,073.   |          | 14,073.      |
| 9/1/2013         | 14,074.   |          | 14,074.      |
| 12/1/2013        | 14,073.   |          | 14,073.      |
| 3/1/2014         | 14,073.   |          | 14,073.      |
| 6/1/2014         | 14,073.   |          | 14,073.      |
| 9/1/2014         | 14,074.   |          | 14,074.      |
| 12/1/2014        | 14,073.   |          | 14,073.      |
| 3/1/2015         | 14,073.   |          | 14,073.      |
| 6/1/2015         | 14,073.   |          | 14,073.      |
| 9/1/2015         | 14,074.   |          | 14,074.      |
| 12/1/2015        | 14,073.   |          | 14,073.      |
| 3/1/2016         | 14,073.   |          | 14,073.      |
| 6/1/2016         | 14,073.   |          | 14,073.      |
| 9/1/2016         | 14,074.   |          | 14,074.      |
| 12/1/2016        | 14,073.   |          | 14,073.      |
| 3/1/2017         | 14,073.   |          | 14,073.      |
| 6/1/2017         | 14,073.   |          | 14,073.      |
| 9/1/2017         | 14,074.   |          | 14,074.      |
| 12/1/2017        | 14,073.   |          | 14,073.      |
| 3/1/2018         | 14,073.   |          | 14,073.      |
| 6/1/2018         | 14,073.   |          | 14,073.      |
| 9/1/2018         | 14,074.   |          | 14,074.      |
| 12/1/2018        | 14,073.   |          | 14,073.      |
| 3/1/2019         | 14,073.   |          | 14,073.      |
| 6/1/2019         | 14,073.   |          | 14,073.      |
| 9/1/2019         | 14,074.   |          | 14,074.      |
| 12/1/2019        | 14,073.   |          | 14,073.      |
| 3/1/2020         | 14,073.   |          | 14,073.      |
| 6/1/2020         | 14,073.   |          | 14,073.      |
| 9/1/2020         | 14,074.   |          | 14,074.      |
| 12/1/2020        | 14,073.   |          | 14,073.      |
| 3/1/2021         | 14,073.   |          | 14,073.      |
| 6/1/2021         | 14,073.   |          | 14,073.      |

**BOND DEBT SERVICE**  
Town of Marmet  
0% Interest Rate  
0.25% Administrative Fee  
30 Years

| Period<br>Ending | Principal | Interest Debt Service |
|------------------|-----------|-----------------------|
| 9/1/2021         | 14,074.   | 14,074.               |
| 12/1/2021        | 14,073.   | 14,073.               |
| 3/1/2022         | 14,073.   | 14,073.               |
| 6/1/2022         | 14,073.   | 14,073.               |
| 9/1/2022         | 14,073.   | 14,073.               |
| 12/1/2022        | 14,073.   | 14,073.               |
| 3/1/2023         | 14,073.   | 14,073.               |
| 6/1/2023         | 14,073.   | 14,073.               |
| 9/1/2023         | 14,073.   | 14,073.               |
| 12/1/2023        | 14,073.   | 14,073.               |
| 3/1/2024         | 14,073.   | 14,073.               |
| 6/1/2024         | 14,073.   | 14,073.               |
| 9/1/2024         | 14,073.   | 14,073.               |
| 12/1/2024        | 14,073.   | 14,073.               |
| 3/1/2025         | 14,073.   | 14,073.               |
| 6/1/2025         | 14,073.   | 14,073.               |
| 9/1/2025         | 14,073.   | 14,073.               |
| 12/1/2025        | 14,073.   | 14,073.               |
| 3/1/2026         | 14,073.   | 14,073.               |
| 6/1/2026         | 14,073.   | 14,073.               |
| 9/1/2026         | 14,073.   | 14,073.               |
| 12/1/2026        | 14,073.   | 14,073.               |
| 3/1/2027         | 14,073.   | 14,073.               |
| 6/1/2027         | 14,073.   | 14,073.               |
| 9/1/2027         | 14,073.   | 14,073.               |
| 12/1/2027        | 14,073.   | 14,073.               |
| 3/1/2028         | 14,073.   | 14,073.               |
| 6/1/2028         | 14,073.   | 14,073.               |
| 9/1/2028         | 14,073.   | 14,073.               |
| 12/1/2028        | 14,073.   | 14,073.               |
| 3/1/2029         | 14,073.   | 14,073.               |
| 6/1/2029         | 14,073.   | 14,073.               |
| 9/1/2029         | 14,073.   | 14,073.               |
| 12/1/2029        | 14,073.   | 14,073.               |
| 3/1/2030         | 14,073.   | 14,073.               |
| 6/1/2030         | 14,073.   | 14,073.               |
| 9/1/2030         | 14,073.   | 14,073.               |
| 12/1/2030        | 14,073.   | 14,073.               |
| 3/1/2031         | 14,073.   | 14,073.               |
| 6/1/2031         | 14,073.   | 14,073.               |
| 9/1/2031         | 14,073.   | 14,073.               |
| 12/1/2031        | 14,073.   | 14,073.               |
| 3/1/2032         | 14,073.   | 14,073.               |
| 6/1/2032         | 14,073.   | 14,073.               |
| 9/1/2032         | 14,073.   | 14,073.               |
| 12/1/2032        | 14,073.   | 14,073.               |
| 3/1/2033         | 14,073.   | 14,073.               |
| 6/1/2033         | 14,073.   | 14,073.               |

**BOND DEBT SERVICE**  
Town of Marmet  
0% Interest Rate  
0.25% Administrative Fee  
30 Years

| Period<br>Ending | Principal         | Interest | Debt Service      |
|------------------|-------------------|----------|-------------------|
| 9/1/2033         | 14,073.           |          | 14,073.           |
| 12/1/2033        | 14,073.           |          | 14,073.           |
| 3/1/2034         | 14,073.           |          | 14,073.           |
| 6/1/2034         | 14,073.           |          | 14,073.           |
| 9/1/2034         | 14,073.           |          | 14,073.           |
| 12/1/2034        | 14,073.           |          | 14,073.           |
| 3/1/2035         | 14,073.           |          | 14,073.           |
| 6/1/2035         | 14,073.           |          | 14,073.           |
| 9/1/2035         | 14,073.           |          | 14,073.           |
| 12/1/2035        | 14,073.           |          | 14,073.           |
| 3/1/2036         | 14,073.           |          | 14,073.           |
| 6/1/2036         | 14,073.           |          | 14,073.           |
| 9/1/2036         | 14,073.           |          | 14,073.           |
| 12/1/2036        | 14,073.           |          | 14,073.           |
| 3/1/2037         | 14,073.           |          | 14,073.           |
| 6/1/2037         | 14,073.           |          | 14,073.           |
| 9/1/2037         | 14,073.           |          | 14,073.           |
| 12/1/2037        | 14,073.           |          | 14,073.           |
| 3/1/2038         | 14,073.           |          | 14,073.           |
| 6/1/2038         | 14,073.           |          | 14,073.           |
| 9/1/2038         | 14,073.           |          | 14,073.           |
| 12/1/2038        | 14,073.           |          | 14,073.           |
| 3/1/2039         | 14,073.           |          | 14,073.           |
| 6/1/2039         | 14,073.           |          | 14,073.           |
| 9/1/2039         | 14,073.           |          | 14,073.           |
| 12/1/2039        | 14,073.           |          | 14,073.           |
| 3/1/2040         | 14,073.           |          | 14,073.           |
| 6/1/2040         | 14,073.           |          | 14,073.           |
| 9/1/2040         | 14,073.           |          | 14,073.           |
|                  | <b>1,688,771.</b> |          | <b>1,688,771.</b> |

Quarterly Admin Fee \$532.14

Total Admin Fee \$63,856.45

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET  
SEWER REVENUE BONDS, SERIES 2009 B  
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1

\$3,940,466

KNOW ALL MEN BY THESE PRESENTS: That on the 18th day of June, 2009, the TOWN OF MARMET, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 THREE MILLION NINE HUNDRED FORTY THOUSAND FOUR HUNDRED SIXTY-SIX DOLLARS (\$3,940,466), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2010, to and including September 1, 2020 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated June 18, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on June 15, 2009, and a Supplemental Resolution duly adopted by the Issuer on June 15, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$664,013, (THE "SERIES 1990 A BONDS"), AND (ii) THE SERIES 2009 A BONDS, DATED JUNE 18, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,688,771, (THE "SERIES 2009 A BONDS"), ISSUED SIMULTANEOUSLY HERewith.

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE, AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$30,987, (THE "SERIES 1990 B BONDS").

THE SERIES 1990 A BONDS AND THE SERIES 1990 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 2009 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 B Bonds (the "Series 2009 B Bonds Reserve Account"), and unexpended proceeds of the Series 2009 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Series 2009 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 B Bonds including the Series 2009 A Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2009 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are

exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

*Billy Pauling*  
Mayor

ATTEST:  
*Jill Runyon*  
Town Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 18, 2009.

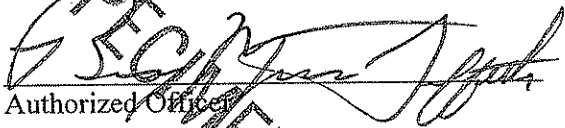
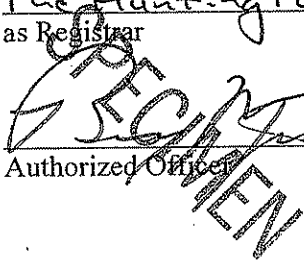
The Huntington National Bank  
as Registrar  
  
Authorized Officer  


EXHIBIT A  
RECORD OF ADVANCES

| <u>AMOUNT</u> | <u>DATE</u>   | <u>AMOUNT</u> | <u>DATE</u> |
|---------------|---------------|---------------|-------------|
| (1) \$41,662  | June 18, 2009 | (19)          |             |
| (2)           |               | (20)          |             |
| (3)           |               | (21)          |             |
| (4)           |               | (22)          |             |
| (5)           |               | (23)          |             |
| (6)           |               | (24)          |             |
| (7)           |               | (25)          |             |
| (8)           |               | (26)          |             |
| (9)           |               | (27)          |             |
| (10)          |               | (28)          |             |
| (11)          |               | (29)          |             |
| (12)          |               | (30)          |             |
| (13)          |               | (31)          |             |
| (14)          |               | (32)          |             |
| (15)          |               | (33)          |             |
| (16)          |               | (34)          |             |
| (17)          |               | (35)          |             |
| (18)          |               | (36)          |             |

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

EXHIBIT B

DEBT SERVICE SCHEDULE

**BOND DEBT SERVICE**  
**Town of Marmet**  
**10 Years**

Dated Date     5/18/2009  
Delivery  
Date             6/18/2009

| Period<br>Ending | Debt Service      | Principal<br>Forgiveness |
|------------------|-------------------|--------------------------|
| 6/18/2009        |                   |                          |
| 12/1/2010        | 98,512.           | -98,512.                 |
| 3/1/2011         | 98,512.           | -98,512.                 |
| 6/1/2011         | 98,512.           | -98,512.                 |
| 9/1/2011         | 98,512.           | -98,512.                 |
| 12/1/2011        | 98,512.           | -98,512.                 |
| 3/1/2012         | 98,512.           | -98,512.                 |
| 6/1/2012         | 98,512.           | -98,512.                 |
| 9/1/2012         | 98,512.           | -98,512.                 |
| 12/1/2012        | 98,512.           | -98,512.                 |
| 3/1/2013         | 98,512.           | -98,512.                 |
| 6/1/2013         | 98,512.           | -98,512.                 |
| 9/1/2013         | 98,512.           | -98,512.                 |
| 12/1/2013        | 98,512.           | -98,512.                 |
| 3/1/2014         | 98,512.           | -98,512.                 |
| 6/1/2014         | 98,512.           | -98,512.                 |
| 9/1/2014         | 98,512.           | -98,512.                 |
| 12/1/2014        | 98,512.           | -98,512.                 |
| 3/1/2015         | 98,512.           | -98,512.                 |
| 6/1/2015         | 98,512.           | -98,512.                 |
| 9/1/2015         | 98,512.           | -98,512.                 |
| 12/1/2015        | 98,512.           | -98,512.                 |
| 3/1/2016         | 98,512.           | -98,512.                 |
| 6/1/2016         | 98,512.           | -98,512.                 |
| 9/1/2016         | 98,512.           | -98,512.                 |
| 12/1/2016        | 98,512.           | -98,512.                 |
| 3/1/2017         | 98,511.           | -98,511.                 |
| 6/1/2017         | 98,511.           | -98,511.                 |
| 9/1/2017         | 98,511.           | -98,511.                 |
| 12/1/2017        | 98,511.           | -98,511.                 |
| 3/1/2018         | 98,511.           | -98,511.                 |
| 6/1/2018         | 98,511.           | -98,511.                 |
| 9/1/2018         | 98,511.           | -98,511.                 |
| 12/1/2018        | 98,511.           | -98,511.                 |
| 3/1/2019         | 98,511.           | -98,511.                 |
| 6/1/2019         | 98,511.           | -98,511.                 |
| 9/1/2019         | 98,511.           | -98,511.                 |
| 12/1/2019        | 98,511.           | -98,511.                 |
| 3/1/2020         | 98,511.           | -98,511.                 |
| 6/1/2020         | 98,511.           | -98,511.                 |
| 9/1/2020         | 98,512.           | -98,512.                 |
|                  | <b>3,940,466.</b> | <b>-3,940,466.</b>       |

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_



STEPTOE &  
JOHNSON  
P L L C  
ATTORNEYS AT LAW

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

Writer's Contact Information

June 18, 2009

Town of Marmet  
Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program)

Town of Marmet  
Marmet, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Marmet (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$1,688,771 Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) an ARRA assistance agreement dated June 18, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Bonds are issued in the principal amount of \$1,688,771, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning December 1, 2010, to and including September 1, 2040, all as set forth in "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Bonds. The Series 2009 A Bonds are subject to the SRF Administrative Fee equal to .25% of the principal amount of the Series 2009 A Bonds as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

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

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on June 15, 2009, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 15, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance

Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the ARRA Assistance Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

1. The ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The ARRA Assistance Agreement inures to the benefit of the Authority and DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.
3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants in the form of those set forth in Section 4.1 of the ARRA Assistance Agreement.
5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$664,013 (the "Series 1990 A Bonds") and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated June 18, 2009, issued in the original aggregate principal amount of \$3,940,466, (the "Series 2009 B Bonds") issued contemporaneously herewith, and senior and prior to, with respect to liens, pledge and source of and security for payment the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development authority), dated January 3, 1990, issued in the original aggregate principal amount of \$30,987 (the "Series 1990 B Bonds").
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.
7. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,



STEPH & JOHNSON PLLC

06.08.09  
552540.00001



Chase Tower, Eighth Floor  
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Charleston, WV 25326-1588  
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[www.step-toe-johnson.com](http://www.step-toe-johnson.com)

Writer's Contact Information

June 18, 2009

Town of Marmet  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

Town of Marmet  
Marmet, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Marmet (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$3,940,466 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) an ARRA assistance agreement dated June 18, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Bonds are issued in the principal amount of \$3,940,466, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with 100% of the principal being forgiven as set forth in the ARRA Assistance Agreement. The Series 2009 B Bonds are not subject to the SRF Administrative Fee.

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

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on June 15, 2009, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 15, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the

ARRA Assistance Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

1. The ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The ARRA Assistance Agreement inures to the benefit of the Authority and DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the consent of the Authority and the DEP.
3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants in the form of those set forth in Section 4.1 of the ARRA Assistance Agreement.
5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$664,013 (the "Series 1990 A Bonds") and Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), dated June 18, 2009, issued in the original aggregate principal amount of \$1,688,771, (the "Series 2009 A Bonds") issued contemporaneously herewith, and senior and prior to, with respect to liens, pledge and source of and security for payment the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development authority), dated January 3, 1990, issued in the original aggregate principal amount of \$30,987 (the "Series 1990 B Bonds"), all in accordance with the terms of the Bond Legislation.
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.
7. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

06.09.09  
552540.00001

H. Wyatt Hanna III  
Attorney at Law

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H. Wyatt Hanna, III

WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303  
(304) 744-3150 • Fax (304) 744-3157

June 18, 2009

Town of Marmet  
Marmet, WV

WV Water Development Authority  
Charleston, WV

WV Department of Environmental Protection  
Charleston, WV

RE: Town of Marmet  
Sewer Revenue Bonds, Series 2009A  
(WV SRF Program) and  
Sewer Revenue Bonds, Series 2009B  
(WV SRF Program/ARRA)

Ladies and Gentlemen:

I am Counsel to the Town of Marmet in Kanawha County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, an ARRA assistance agreement for the Series 2009 Bonds, dated June 18, 2009, including all schedules and exhibits attached thereto, by and among the Issuer and the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), (the "ARRA Assistance Agreement" ), a Bond Ordinance duly enacted by the Issuer on June 15, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 2009 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the ARRA Assistance Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Town Clerk and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

2. The ARRA Assistance Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with its terms.
3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
4. The execution and delivery of the Bonds, the ARRA Assistance Agreement and the consummation of the transactions contemplated by the Bonds, the ARRA Assistance Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.
5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the DEP and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance dated April 28, 2008, which became effective for service rendered on or after May 2, 2008. Such ordinance remains in full force and effect.
6. The Issuer has received the Recommended Decision entered on July 18, 2008, which became Final Order of the Public Service Commission of West Virginia entered on July 30, 2008, in Case No. 08-0462-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project and an affidavit of the project CPA dated June 18, 2009. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such order remains in full force and effect.

7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the ARRA Assistance Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.
8. Prior to the execution of construction contracts by the Issuer, I will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the ARRA Assistance Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

A handwritten signature in dark ink, appearing to read "H. Wyatt Hanna, III", with a stylized flourish at the end.

H. Wyatt Hanna, III

HWHIII/rb

H. Wyatt Hanna III  
Attorney at Law

---

H. Wyatt Hanna, III

WV State Bar No. 1579

P. O. Box 8070 • South Charleston, West Virginia 25303  
(304) 744-3150 • Fax (304) 744-3157

June 18, 2009

WV Infrastructure & Jobs Development Council  
300 Summers Street, Suite 980  
Charleston, WV 25301

WV Division of Environmental Protection  
601 57<sup>th</sup> Street, SE  
Charleston, WV

Re: Final Title Opinion for Town of Marmet and  
Marmet Sanitary Board, Kanawha County, West  
Virginia  
SRF No. C-544074

Ladies and Gentlemen:

I am Counsel to the Town of Marmet and Marmet Sanitary Board ("Marmet") in connection with a proposed project to construct certain improvements to Marmet's wastewater treatment plant and its sanitary sewer collection system. I provide this Preliminary Real Property Title Opinion on behalf of Marmet to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council and the West Virginia State Revolving Loan Fund Program for this proposed project. Marmet received a Final Order dated July 30, 23008, from the Public Service Commission of West Virginia in Case No. 08-0462-S-CN, which granted Marmet a Certificate of Convenience and Necessity to construct the proposed improvements to its sanitary sewer collection and wastewater treatment facilities. As such, please be advised of the following:

1. I am of the opinion that Marmet is a duly created and validly existing municipal corporation possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the proposed project as approved by the Public Service Commission of West Virginia.

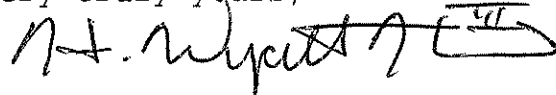
2. Marmet has obtained, or will obtain, all necessary permits and approvals for the construction of the proposed project prior to the issuance of the Notice of Award to the lowest qualified bidders for this proposed project.

Final Title Opinion  
Page 2  
June 18, 2009

3. I have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the proposed project as set forth in the plans for the proposed project prepared by Ghosh Engineers, Inc., the consulting engineer for this project. To date, Marmet has acquired the necessary pump station site, and all easements and/or rights of way necessary to construct the project.

4. All deeds, easements and rights of way which have been acquired by Marmet have been duly recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in order to protect the legal title and interests of Marmet.

Very truly yours,

A handwritten signature in dark ink, appearing to read "H. Wyatt Hanna, III". The signature is stylized with a large, sweeping "H" and a distinct "III" at the end.

H. Wyatt Hanna, III

HWHIII/rb

cc: Town of Marmet  
Jill Runnion  
Bill Cunningham  
Terry Martin  
Samme Gee, Esquire  
John Stump, Esquire

TOWN OF MARMET

Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and TOWN CLERK of the Town of Marmet in Kanawha County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 18th day of June, 2009 in connection with the Issuer's Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), both dated the date hereof (collectively, the "Series 2009 Bonds" or individually, the "Series 2009 A Bonds" and the "Series 2009 B Bonds," respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted June 15, 2009, and the Supplemental Resolution duly adopted June 15, 2009 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2009 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2009 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2009 Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Series 2009 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2009 Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge of Net Revenues as security for the Series 2009 Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2009 Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the ARRA Assistance Agreement and the Issuer has met all conditions prescribed in the ARRA Assistance Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$664,013 (the "Series 1990 A Bonds"). There are also outstanding obligations of the Issuer which will be junior and subordinate to the Series 2009 Bonds as to liens, pledge and source of security for payment, being the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated January 3, 1990, issued in the original aggregate principal amount of \$30,987 (the "Series 1990 B Bonds"). The Series 1990 A Bonds and the Series 1990 B Bonds are hereinafter referred to as the "Prior Bonds". The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinance.

The Series 2009 Bonds shall be issued on a parity with the Series 1990 A Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Series 1990 A Bonds are met, (ii) the written consent of the registered owners of the Series 1990 A Bonds to the issuance of the Series 2009 Bonds on a parity with the Series 1990 A Bonds, and (iii) written consent of the Holders of the Series 1990 B Bonds to the issuance of the Series 2009 Bonds, senior and prior to the Series 1990 B Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Ordinance

Supplemental Resolution

ARRA Assistance Agreement

Public Service Commission Orders

Infrastructure Council Approval

Town Charter

Ordinance creating Sanitary Board

Petition of Sanitary Board

Oaths of Office of Officers and Councilmembers

Resolution on Open Governmental Proceedings Rules

Sewer Rate Ordinance

Minutes on Enactment of Sewer Rate Ordinance and Notice of Public Hearing

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

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

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

Prior Bond Ordinance and Supplemental Resolution

Consent of WDA to Issuance of Parity Bonds

Evidence of Insurance

Evidence of Small Cities Block Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Marmet". The Issuer is a municipal corporation in Kanawha County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, Town Clerk and five (5) councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

| Name                           | Date of Commencement of Office | Date of Termination of Office |
|--------------------------------|--------------------------------|-------------------------------|
| Billy L. Pauley, Mayor         | July 1, 2005                   | June 30, 2009                 |
| Jill Runion, Clerk             | June 23, 2007                  | June 30, 2009                 |
| Ruth Meadows, Councilmember    | July 1, 2005                   | June 30, 2009                 |
| Peggy Jacobs, Councilmember    | October 26, 2007               | June 30, 2009                 |
| Angie Harless, Councilmember   | July 1, 2005                   | June 30, 2009                 |
| Jacob Halstead, Councilmember  | July 1, 2005                   | June 30, 2009                 |
| Douglas Wiseman, Councilmember | July 1, 2005                   | June 30, 2009                 |

The duly elected or appointed members of the Sanitary Board for 2009 are as follows:

| <u>Name</u>               | <u>Term of Office</u>                 |
|---------------------------|---------------------------------------|
| Billy L. Pauley, Chairman | – July 1, 2008 through June 30, 2010  |
| Frank Thomas              | – July 1, 2008 through June 30, 2010  |
| Rick Bertolotti, P.E.     | – June 18, 2009 through June 30, 2011 |

The duly appointed and acting Counsel to the Issuer is H. Wyatt Hanna III, Esquire, in South Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or will be acquired by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2009 Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2009 Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation will be in full force and effect.

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

The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A and hereby incorporated herein.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on April 28, 2008, setting rates and charges of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2009 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Town Clerk did officially cause the official seal of the Issuer to be affixed upon said Series 2009 Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2009 Bonds to a representative of the Authority as the original purchaser of the Series 2009 Bonds under the ARRA Assistance Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS; GRANTS: On the date hereof, the Issuer received \$291,075 from the Authority and the DEP, being a portion of the principal amount of the Series 2009 A

Bonds and \$41,662 from the Authority and the DEP, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 A Bonds and the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses. As of the date hereof, the Small Cities Block Grant in the amount of \$1,500,000 is committed for the Project and in full force and effect.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Charleston Gazette*, a qualified newspaper of general circulation in the Town of Marmet, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2009 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 15th day of June, 2009, at 7:30 p.m., at the Marmet Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Town Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision entered on July 18, 2008, which became Final Order of the Public Service Commission of West Virginia entered on July 30, 2008 per Commission Order Waiving the Exception Period, in Case No. 08-0462-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project and an affidavit of CPA dated June 15, 2009. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such order remains in full force and effect.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2009 Bonds.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2009 Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

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

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of the TOWN OF MARMET on this the  
day and year first above written.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Mayor

\_\_\_\_\_

Town Clerk

\_\_\_\_\_

Counsel to Issuer

06.08.09  
552540.00001

## EXHIBIT A

### SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING – The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

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

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on [www.recovery.gov](http://www.recovery.gov), and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with

nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated “Series [2009] B” and shall contain “(WVCWSRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

WITNESS our signatures and the official seal of the TOWN OF MARMET on this the  
day and year first above written.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Billy L. Pauling  
Joe Kunnick  
H. Wyatt Atkins

Mayor

Town Clerk

Counsel to Issuer

06.08.09  
552540.00001

TOWN OF MARMET

Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Marmet in Kanawha County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$1,688,771 Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), and \$3,940,466 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, dated June 18, 2009 (the "Bonds" or the "Series 2009 Bonds"), hereby certifies on the 18th day of June, 2009, as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on June 15, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on June 15, 2009 (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 18, 2009, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$291,075, being a portion of the principal amount of the Series 2009 A Bonds and \$41,662, being a portion of the principal amount of the Series 2009 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2009 A Bonds were sold on June 18, 2009, to the Authority, pursuant to an ARRA assistance agreement dated June 18, 2009, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of \$1,688,771 (100% of par) (the "ARRA Assistance Agreement"), at which time, the Issuer received

\$291,075 from the Authority and the DEP, being the first advance of the principal amount of the Series 2009 A Bonds. No accrued interest has been or will be paid on the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2009 B Bonds were sold on June 18, 2009, to the Authority, pursuant to the ARRA Assistance Agreement, at which time, the Issuer received \$41,662 from the Authority and the DEP, being the first advance of the principal amount of the Series 2009 B Bonds. No accrued interest has been or will be paid on the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2009 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before January 1, 2011. The acquisition and construction of the Project is expected to be completed by July 1, 2010.

9. The total cost of the Project is estimated at \$7,129,237. Sources and uses of funds for the Project are as follows:

SOURCES

|                                     |                    |
|-------------------------------------|--------------------|
| Proceeds of the Series 2009 A Bonds | \$1,688,771        |
| Proceeds of the Series 2009 B Bonds | \$3,940,466        |
| Small Cities Block Grant            | <u>\$1,500,000</u> |
| Total Sources                       | <u>\$7,129,237</u> |

USES

|                                                         |                    |
|---------------------------------------------------------|--------------------|
| Costs of Acquisition and<br>Construction of the Project | \$7,098,237        |
| Costs of Issuance                                       | <u>\$31,000</u>    |
| Total Uses                                              | <u>\$7,129,237</u> |

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2009 Bonds:

- (1) Revenue Fund;
- (2) Series 2009 Bonds Construction Trust Fund;
- (3) Series 2009 A Bonds Sinking Fund;
- (4) Series 2009 A Bonds Reserve Account;
- (5) Series 2009 B Bonds Sinking Fund; and
- (6) Series 2009 B Bonds Reserve Account.

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

- (1) Proceeds of the Series 2009 A Bonds in the amount of \$-0- will be deposited with the Commission in the Series 2009 A Bonds Reserve Account.
- (2) Proceeds of the Series 2009 B Bonds in the amount of \$-0- will be deposited with the Commission in the Series 2009 B Bonds Reserve Account.
- (3) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2009 A Bonds.
- (4) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

12. Monies held in the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2009 A Bonds Sinking Fund and Series 2009 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 Bonds Construction Trust Fund during construction of the Project, and following

completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Monies held in the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2009 B Bonds Sinking Fund and Series 2009 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

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

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

16. With the exception of the amount deposited in the Series 2009 A Bonds Reserve Account, if any, or the Series 2009 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 18 months from the date of issuance thereof.

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

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

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

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

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

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

23. The Bonds are not federally guaranteed.

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

25. The Issuer has either (a) funded the Series 2009 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2009 A Bonds in the then current or any succeeding year with the proceeds of the Series 2009 A Bonds, or (b) created the Series 2009 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2009 A Bonds in the then current or any succeeding year. Monies in the Series 2009 A Bonds Reserve Account and the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

26. The Issuer has either (a) funded the Series 2009 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2009 B Bonds in the then current or any succeeding year with the proceeds of the Series 2009 B Bonds, or (b) created the Series 2009 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2009 B Bonds in the then current or any succeeding year. Monies in the Series 2009 B Bonds Reserve Account and the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

[Remainder of Page Intentionally Blank]

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

TOWN OF MARMET

By: Billy Stanley  
Its: Mayor

03.23.09  
552540.00001

TOWN OF MARMET

Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

CERTIFICATE OF ENGINEER

I, Paul Ghosh, Registered Professional Engineer, West Virginia License No.7806, of Charleston, West Virginia, hereby certify this 18th day of June, 2009 as follows:

I. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage system (the "System") of the Town of Marmet (the "Issuer"), to be constructed in Kanawha County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on June 15, 2009, as supplemented by the Supplemental Resolution of the Issuer adopted June 15, 2009 (collectively, the "Bond Legislation"), the ARRA Assistance Agreement for the Series 2009 Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated June 18, 2009, (the "ARRA Assistance Agreement").

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Steptoe & Johnson, PLLC, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid

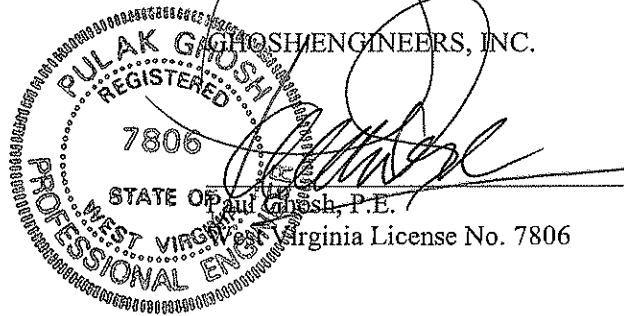
procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Smith, Cochran & Hicks, PLLC, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. I have received the Buy American Certification from each contractor.
5. The Project will service 6 new customers in the Summit Drive area.

[Remainder of Page Intentionally Blank]

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

(SEAL)



06.15.09  
552540.00001

## SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Town of Marmet, Kanawha County

### ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

#### A. COST OF PROJECT

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| 1 Construction                        | \$ 5,998,820 |              |
| Equipment                             |              |              |
| 2 Technical Services                  | \$ 673,976   |              |
| 3 Legal & Fiscal                      | \$ 35,000    |              |
| Issuers Counsel Fee                   |              |              |
| 4 Administrative / Advertising        | \$ 50,000    |              |
| 5 Site and Other lands                | \$ 10,000    |              |
| 6 Permits/Bonds                       | \$ 5,500     |              |
| (Repayment (Design Loan)              |              |              |
| 7 Aerial Mapping                      | \$ 26,930    |              |
| 8 Contingency                         | \$ 273,011   |              |
| 9 Archaeological Study (during const) | \$ 30,000    |              |
| 10 Total of Lines 1 through 9         |              | \$ 7,103,237 |

#### B. SOURCE OF FUNDS

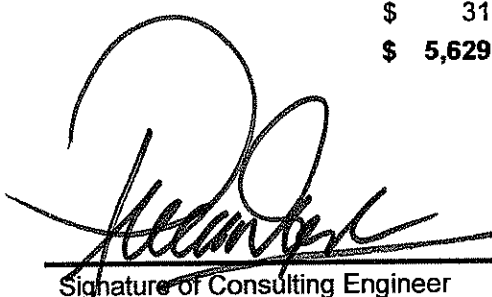
|                                          |              |              |
|------------------------------------------|--------------|--------------|
| 11 Federal Grants                        | \$ 1,500,000 |              |
| 12 State Grants                          |              |              |
| 13 Other Grants                          | \$ 5,000     |              |
| (Marmet Sanitary Board)                  |              |              |
| 14 Any Other Source                      |              |              |
| 15 Total of Lines 11 through 14          |              | \$ 1,505,000 |
| 16 Net Proceeds Required from Bond Issue |              | \$ 5,598,237 |

#### C. COST OF FINANCING

|                                                |           |              |
|------------------------------------------------|-----------|--------------|
| 17 Bond Counsel                                | \$ 31,000 |              |
| 18 Funded Reserve                              |           |              |
| 19 Total Cost of Financing (Line 17 + Line 18) |           | \$ 31,000    |
| 20 Size of Bond Issue (Line 16 + Line 19)      |           | \$ 5,629,237 |

  
Signature of the Applicant

6-15-09  
Date

  
Signature of Consulting Engineer

6-15-09  
Date



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

Certified Public Accountants

Oak Hill Bridgeport Charleston Montgomery

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

June 18, 2009

Town of Marmet  
Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

Town of Marmet  
Marmet, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the Town of Marmet (the "Issuer"), dated April 28 2008, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Ghosh Engineers, Inc., the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA) (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's: (1) Sewer Revenue Bonds, Series 1990 A and (2) Sewer Revenue Bonds, Series 1990 B (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Smith Cochran & Hicks

**WV MUNICIPAL BOND COMMISSION**

1207 Quarrier Street  
Suite 401  
Charleston, WV 25301  
(304) 558-3971

**NEW ISSUE REPORT FORM**Date of Report: 6/18/2009

(See Reverse for Instructions)

|                                                                       |                                                |
|-----------------------------------------------------------------------|------------------------------------------------|
| ISSUE: <u>Town of Marmet</u>                                          |                                                |
| <u>Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program)</u> |                                                |
| ADDRESS: <u>9403 MacCorkle Avenue, Marmet, West Virginia 25315</u>    | COUNTY: <u>Kanawha</u>                         |
| PURPOSE OF ISSUE:                                                     |                                                |
| New Money: <u>X</u>                                                   | REFUNDS ISSUE(S) DATED: <u>NA</u>              |
| Refunding: _____                                                      | CLOSING DATE: <u>6/18/2009</u>                 |
| ISSUE DATE: <u>6/18/2009</u>                                          | RATE: <u>0%; Administrative Fee .25%</u>       |
| ISSUE AMOUNT: <u>\$1,688,771</u>                                      | 1ST PRINCIPAL DUE <u>12/1/2010</u>             |
| 1ST DEBT SERVICE DUE: <u>12/1/2010</u>                                | PAYING AGENT: <u>Municipal Bond Commission</u> |
| 1ST DEBT SERVICE AMOUNT <u>\$14,073</u>                               |                                                |

|                                         |                                                          |
|-----------------------------------------|----------------------------------------------------------|
| BOND COUNSEL:                           | UNDERWRITERS COUNSEL                                     |
| Firm: <u>Stephoe &amp; Johnson PLLC</u> | Firm: <u>Jackson Kelly, PLLC</u>                         |
| Contact: <u>John Stump, Esquire</u>     | Contact: <u>Samme Gee, Esquire</u>                       |
| Phone: <u>(304) 353.8196</u>            | Phone: <u>(304) 340-1318</u>                             |
| CLOSING BANK:                           | ESCROW TRUSTEE:                                          |
| Bank: <u>City National Bank</u>         | Firm: _____                                              |
| Contact: <u>Lisa</u>                    | Contact: _____                                           |
| Phone: <u>304.949.5595</u>              | Phone: _____                                             |
| KNOWLEDGEABLE ISSUER CONTACT            | OTHER:                                                   |
| Contact: <u>Bill Pauley</u>             | Agency: <u>WV Department of Environmental Protection</u> |
| Position: <u>Mayor</u>                  | Contact: <u>Rosalie Brodersen</u>                        |
| Phone: <u>(304) 949-2670</u>            | Position: <u>Program Manager</u>                         |
|                                         | Phone: <u>304.926.0499 x 1608</u>                        |

|                          |                                |
|--------------------------|--------------------------------|
| DEPOSITS TO MBC AT CLOSE |                                |
| By: _____ Wire           | Accrued Interest: \$ _____     |
| _____ Check              | Capitalized Interest: \$ _____ |
|                          | Reserve Account: \$ _____      |
|                          | Other: \$ _____                |

|                                     |                                |
|-------------------------------------|--------------------------------|
| REFUNDS & TRANSFERS BY MBC AT CLOSE |                                |
| By: _____ Wire                      | To Escrow Trustee \$ _____     |
| _____ Check                         | To Issuer \$ _____             |
| _____ IGT                           | To Cons. Invest. Fund \$ _____ |
|                                     | To Other: _____ \$ _____       |

NOTES: The Series 2009 A Bonds Reserve Account will be funded over 10 years.

\_\_\_\_\_

\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: \_\_\_\_\_

TRANSFERS REQUIRED: \_\_\_\_\_

\_\_\_\_\_

**WV MUNICIPAL BOND COMMISSION**

1207 Quarrier Street  
Suite 401  
Charleston, WV 25301  
(304) 558-3971

**NEW ISSUE REPORT FORM**Date of Report: 6/18/2009

(See Reverse for Instructions)

ISSUE: Town of Marmet  
Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)

ADDRESS: 9403 MacCorkle Avenue, Marmet, West Virginia, 25315 COUNTY: Kanawha

PURPOSE OF ISSUE:  
New Money: X  
Refunding: \_\_\_\_\_

ISSUE DATE: 6/18/2009 REFUNDS ISSUE(S) DATED: NA

ISSUE AMOUNT: \$3,940,466 CLOSING DATE: 6/18/2009

1ST DEBT SERVICE DUE: 100% forgivable RATE: 0%; Administrative Fee N/A

1ST DEBT SERVICE AMOUNT 100% forgivable 1ST PRINCIPAL DUE 100% forgivable

PAYING AGENT: Municipal Bond Commission

**BOND COUNSEL:**

Firm: Steptoe & Johnson PLLC  
Contact: John Stump, Esquire  
Phone: (304) 353.8196

**UNDERWRITERS COUNSEL**

Firm: Jackson Kelly, PLLC  
Contact: Samme Gee, Esquire  
Phone: (304) 340-1318

**CLOSING BANK:**

Bank: City National Bank  
Contact: Lisa  
Phone: 304.949.5595

**ESCROW TRUSTEE:**

Firm: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

**KNOWLEDGEABLE ISSUER CONTACT**

Contact: Bill Pauley  
Position: Mayor  
Phone: (304) 949-2670

**OTHER:**

Agency: W.V. Department of Environmental Protection  
Contact: Rosalile Brodersen  
Position: Program Manager  
Phone: (304) 926.0499 (ext. 1608)

**DEPOSITS TO MBC AT CLOSE**

|           |             |                                |
|-----------|-------------|--------------------------------|
| By: _____ | Wire _____  | Accrued Interest: \$ _____     |
| _____     | Check _____ | Capitalized Interest: \$ _____ |
| _____     |             | Reserve Account: \$ _____      |
| _____     |             | Other: \$ _____                |

**REFUNDS & TRANSFERS BY MBC AT CLOSE**

|           |             |                                |
|-----------|-------------|--------------------------------|
| By: _____ | Wire _____  | To Escrow Trustee \$ _____     |
| _____     | Check _____ | To Issuer \$ _____             |
| _____     | IGT _____   | To Cons. Invest. Fund \$ _____ |
| _____     |             | To Other: \$ _____             |

NOTES: The Series 2009 B Bonds are 100% forgivable. The Series 2009 B Bonds Reserve Account will not be funded**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_

TOWN OF MARMET

Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

City National Bank, Marmet, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Marmet (the "Issuer") enacted by the Issuer on June 15, 2009, and a Supplemental Resolution adopted by the Issuer on June 18, 2009 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), each dated June 18, 2009, in the respective aggregate principal amounts of \$1,688,771 and \$3,940,466 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 18th day of June, 2009.

CITY NATIONAL BANK

By:  SUP  
Its: Authorized Officer

06.04.09  
552540.00001

CH5114882.1

TOWN OF MARMET

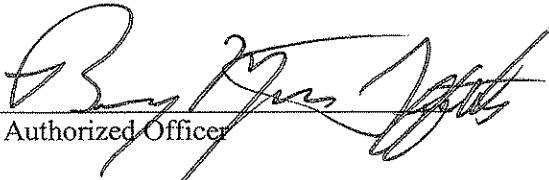
Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Marmet Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), each dated June 18, 2009, in the respective aggregate principal amounts of \$1,688,771 and \$3,940,466 (collectively, the "Series 2009 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2009 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2009 Bonds.

WITNESS my signature on this 18th day of June, 2009.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

06.04.09  
552540.00001

TOWN OF MARMET

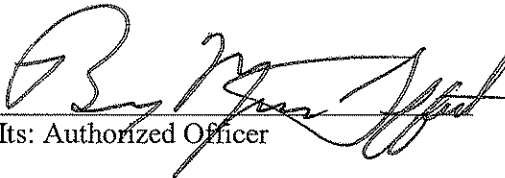
Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Marmet (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, dated June 18, 2009, in the principal amount of \$1,688,771, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, dated June 18, 2009, in the principal amount of \$3,940,466, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 18th day of June, 2009.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

06.09.09  
552540.00001

CH5115004.1

TOWN OF MARMET

Sewer Revenue Bonds, Series 2009 A  
(West Virginia SRF Program) and  
Sewer Revenue Bonds, Series 2009 B  
(West Virginia SRF Program/ARRA)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of June, 2009, by and between the TOWN OF MARMET, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,688,771 principal amount of Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and \$3,940,466 principal amount of Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in fully registered form (collectively, the "Series 2009 Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted June 15, 2009, and a Supplemental Resolution of the Issuer duly adopted June 15, 2009 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2009 Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2009 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2009 Bonds upon original

issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Series 2009 Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:  
Town of Marmet  
Post Office Box 15037  
Marmet, West Virginia 25365  
Attention: Mayor

REGISTRAR:  
The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301

8. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2009 Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MARMET

By: Billy Haubert  
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: [Signature]  
Its: Authorized Officer

06.09.09  
552540.00001

TOWN OF MARMET, WEST VIRGINIA  
SEWER REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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## TOWN OF MARMET, WEST VIRGINIA

### ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MARMET, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN SEVEN HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS (\$720,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 A, NOT MORE THAN NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00) INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES, BOND ANTICIPATION NOTES, OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS, AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES, AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF MARMET

TOWN OF MARMET, WEST VIRGINIA  
SEWER REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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## ARTICLE I

### STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

**Section 1.01. Authority for this Ordinance.** This Ordinance, (together with any resolutions supplemental hereto (hereinafter referred to as the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Marmet (the "Issuer") is a municipal corporation, organized and existing under the laws of the State of West Virginia.

B. The Issuer now owns facilities for the collection, treatment, purification and disposal of sewage. The custody, operation and maintenance of the sewer system, both within and without the corporate limits of the Town, is under the supervision and control of the Sanitary Board, which was created and given such supervision and control by ordinance. The construction and acquisition of certain extensions, improvements and betterments to the then-existing sewer system and the refunding of certain then-outstanding sewer revenue bonds were financed by the proceeds delivered from Two Hundred Thirty-Four Thousand and NO/100 Dollars (\$234,000.00) in the aggregate principal amount of sewer revenue bonds dated July 1, 1961, issued pursuant to an ordinance passed by the Council of Marmet on the 1st day of July, 1961, (the "Prior Ordinance").

C. The Sanitary Board, pursuant to the provisions of Chapter 16, Article 13, Section 5, of the *Code of West Virginia* of 1931, as amended, has petitioned the Town Council, and has requested that an ordinance be passed to amend and enact the Marmet Town Code to reflect new sewer rates and charges, and to enact this Ordinance and authorize the project and financing provided for hereby. Attached hereto as Exhibit "A" is a copy of the said petition.

D. The estimated revenues to be derived in each year after completion of the project from the operation of the system will be sufficient to pay all the costs of the operation and maintenance of said system, the principal of and interest on the bonds (as hereinafter defined) and all sinking fund, reserve account and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total, aggregate principal amount of not more than Seven Hundred Twenty Thousand and NO/100 Dollars (\$720,000.00) in two series, being the Series 1989 A Bonds in the

aggregate principal amount of not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00), and the Series 1989 B Bonds in the aggregate principal amount of not more than Ninety-Five Thousand and NO/100 Dollars (\$95,000.00) (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, bond anticipation notes, or a note or notes evidencing a line of credit, (collectively, the "Notes") in the aggregate principal amount of not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) to temporarily finance costs of construction and acquisition of the project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for six (6) months after completion of construction of the project; engineering, and legal expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and surveys; any administrative fees and expenses of the Authority; other expenses necessary or incidental to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories, trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the project and the placing of same in operation, and the performance of the things herein required or permitted in connection with any thereof, including, with respect to the Notes, any fees to the credit bank (as hereinafter defined), and any costs of obtaining insurance thereon, provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed costs of the "Project" (as hereinafter defined).

F. The period of usefulness of the system after completion of the Project is not less than forty (40) years.

G. It is in the best interests of the Issuer that its "Original Bonds" (as hereinafter defined) be sold to the "Authority" (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority upon receipt of bids in form satisfactory to the Issuer and the Authority.

H. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds, as to lien and source of and security for payment. The Series 1989 B Bonds shall be junior and subordinate to the Series 1989 A Bonds as set forth herein. The Notes, if issued, will not be payable from the net revenues, but shall be payable from grant

receipts, surplus revenues, proceeds of a letter of credit and certain other specified sources, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired (without any successful rehearing or appeal) prior to the issuance of any Bonds or Notes hereunder.

**Section 1.03. Bond Legislation Constitutes Contract.** In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such bondholders and such noteholders, and the covenants and agreements herein set forth to be performed by the Issuer, shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all of which shall be of equal rank and without preference, priority, or distinction between any one Bond of a series and any other Bond of the same series, and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" shall mean Chapter 16, Article 13 of the *Code of West Virginia*, 1931, as amended, and in effect on the date of enactment hereof.

"Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

"Authorized Officer" shall mean the mayor of the Issuer, or any temporary mayor or other officer authorized as such, duly appointed by the governing body.

"Bond Anticipation Notes" or "BAN" shall mean collectively, that not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or that not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) aggregate principal of a Note or Notes

evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the term "BAN" includes any refunding note or BAN of the Issuer.

**"Bond Construction Trust Fund"** shall mean the Bond Construction Trust Fund established by Section 5.01 hereof.

**"Bondholder," "Holder of the Bonds," "Holder"** or any similar term, whenever used herein with respect to an outstanding Bond or Bonds, shall mean the person in whose name such Bond is registered.

**"Bond Legislation," "Ordinance," "Bond and Notes Ordinance" or "Local Act"** shall mean this Bond and Note Ordinance and all orders, ordinances and resolutions supplemental hereto or amendatory hereof.

**"Bonds Registrar"** shall mean the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

**"Bonds"** shall mean the Original Bonds and any Bonds on a parity therewith authorized to be issued hereunder.

**"Commission"** shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

**"Consulting Engineers"** shall mean Ghosh Engineering, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall, at any time hereafter, be retained by the Issuer as Consulting Engineers for the System.

**"Costs" or "Costs of the Project"** shall mean those Costs described in Section 1.02(E) hereof to be a part of the cost of the acquisition and construction of the Project.

**"Council"** shall mean the Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted, and shall be deemed to refer also to the Sanitary Board of the Town to the full extent of the powers relating to the System (as hereinafter defined), conferred upon said Sanitary Board.

**"Credit Bank"** shall mean the issuance of any letter of credit obtained by the Issuer for the benefit of the trustee as security for the Notes, all as shall be set forth in the Supplemental Resolution.

**"Depository Bank"** shall mean the bank designated as such in the Supplemental Resolution, and its successors and assigns.

**"Eligible Costs"** shall mean Costs of the Project which are reimbursable in full, on a dollar-for-dollar basis, from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

**"EPA"** shall mean the United States Environmental Protection Agency and any successor to the functions of the EPA.

**"EPA Grant"** shall mean the grant from the EPA pursuant to the commitment therefor.

**"FDIC"** shall mean the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

**"Fiscal Year"** shall mean each twelve-month period beginning on July 1 and ending on the succeeding June 30.

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

**"Grant Agreement"** shall mean a written commitment for the payment of the EPA Grant or any of the other grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made, and the date or dates or event or events upon which Grant is to be paid to the Issuer, provided that, "EPA Grant Agreement" shall mean only the Grant Agreement relating to the EPA Grant, and **"Other Grant Agreements"** shall mean only those Grant Agreements relating to the other grants.

**"Grant Receipts"** shall mean all monies received by the Issuer on account of any Grant after the date of issuance of the Notes, provided that, **"EPA Grant Receipts"** shall mean only Grant Receipts on account of the EPA Grant, and **"Other Grant Receipts"** shall mean only Grant Receipts on account of any or all of the Other Grants.

**"Grants"** shall mean, collectively, the EPA Grant and the other grants (as hereinafter defined).

**"Gross Revenues"** shall mean the aggregate gross operating and non-operating revenues of the system (as hereinafter defined), determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, provided that Gross Revenues does not include any gains from the sale or other disposition of or from any increase in the value of capital assets (including qualified investments [as hereinafter defined] purchased pursuant to Section 8.01 hereof) or any tap fees (as hereinafter defined).

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

**"Indenture"** or **"Trust Indenture"** shall mean the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes in, substantially, the form attached hereto as Exhibit "B" and all supplements or amendments thereto.

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

**"Issuer"** or **"Town"** shall mean the Town of Marmet, County of Kanawha, State of West Virginia, and unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

**"Loan Agreement"** shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which are attached as Exhibits "C" and "D", and the execution and delivery by the Issuer authorized by this Ordinance.

**"Net Revenues"** shall mean the balance of the Gross Revenues remaining after deduction of operating expenses (as hereinafter defined).

**"Noteholder"**, **"Holder of the Notes"** or any similar term shall mean the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

**"Notes"** or **"GAN"** shall mean, collectively, the not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms **"Notes"** or **"GAN"** includes any refunding Notes or GAN of the Issuer.

**"Notes Construction Trust Fund"** shall mean the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

**"Notes Debt Service Fund"** shall mean the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

**"Notes Registrar"** shall mean the bank to be designated, as such in the Indenture or the Supplemental Resolution, and its successors and assigns.

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

**"Original Bonds"** or **"Bonds originally authorized hereby"** or similar phrases shall mean, collectively, the not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00) in aggregate principal amount of Series 1989 A Bonds, and the not more than Ninety-Five Thousand and NO/100 Dollars (\$95,000.00) in aggregate principal amount of Series 1989 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

**"Original Notes Purchaser"** shall mean in the event Grant Anticipation Notes are issued, the original purchaser of the Notes as shall be named in a resolution supplemental hereto, and in the event a Note or Notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

**"Other Grants"** shall mean, collectively, any other grant hereafter received by the Issuer to aid in financing any Costs.

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

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

"**Paying Agent**" shall mean the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution, or such entity or Authority as may be designated by the Issuer.

"**Program**" shall mean the Authority's loan program under which the Authority purchases the water development revenue bonds of local governmental entities, satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"**Project**" shall mean the acquisition and construction of a new sewerage treatment plant, gravity and pressure collector sewers, life stations, force mains and all necessary appurtenances.

"**Qualified Investments**" shall mean and include any of the following:

(a) Government Obligations;

(b)(i) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations; (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;

(c) Pre-refunded municipal obligations meeting the following conditions:

(1) The Bonds are (i) not to be redeemed prior to maturity, or the Trustee has been given irrevocable instructions concerning their calling and redemption; and (ii) the Issuer has covenanted not to redeem such Bonds other than as set forth in such instructions;

(2) The Bonds are secured by cash or Government Obligations which may be applied only to interest, principal and premium payments of such Bonds;

(3) The principal of and interest on the Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the Bonds;

(4) The Government Obligations serving as security for the Bonds are held by an Escrow Agent or Trustee; and

(5) The Government Obligations are not available to satisfy any other claims, including those against the Trustee or Escrow Agent;

(d) 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 Government National Mortgage Association, the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

(e) 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;

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

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

(h) Repurchase agreements fully secured by investments of the types described in paragraphs (a) through (f) 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 with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the 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;

(i) With respect to the Notes, the Investment Agreement, which may be entered into by and between the Trustee and the Bank, designated as "Investment Bank" in the Supplemental Resolution;

(j) The West Virginia "Consolidated Fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the *West Virginia Code* of 1931, as amended; and

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

**"Recorder"** shall mean the recording officer of the governing body of the Issuer.

**"Registered Owner," "Noteholder," "Bondholder," "Holder"** or any similar term shall mean, whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

**"Registrar"** shall mean, as appropriate, either the Bond Registrar or the Notes Registrar or both.

**"Renewal and Replacement Fund"** shall mean the Renewal and Replacement Fund created by Section 5.01.

**"Revenue Fund"** shall mean the Revenue Fund established by Section 5.01 hereof.

**"Sanitary Board" or "Board"** shall mean the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town and any successors to the functions thereof.

**"Series 1989 A Bonds" or "Series A Bonds"** shall mean the not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00) in aggregate principal amount of Sewer Revenue Bonds, Series 1989 A of the Issuer.

**"Series 1989 A Bonds Reserve Account"** shall mean the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund, pursuant to Section 5.02 hereof.

**"Series 1989 A Bonds Reserve Requirement"** shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1989 A Bonds in any year.

**"Series 1989 A Bonds Sinking Fund"** shall mean the Series 1989 A Sinking Fund established by Section 5.02 hereof.

**"Series 1989 B Bonds"** or **"Series B Bonds"** shall mean the not more than Ninety-Five Thousand and NO/100 Dollars (\$95,000.00) in aggregate principal amount of Sewer Revenue Bonds, Series 1989 B of the Issuer.

**"Series 1989 B Bonds Reserve Account"** shall mean the Series 1989 B Bonds Reserve Account established in the Series 1989 B Bonds Sinking Fund, pursuant to Section 5.02 hereof.

**"Series 1989 B Bonds Reserve Requirement"** shall mean, as of the date of calculation, the maximum amount of principal which will become due on the Series 1989 B Bonds in any year.

**"Series 1989 B Bonds Sinking Fund"** shall mean the Series 1989 B Bonds Sinking Fund established by Section 5.02 hereof.

**"State"** shall mean the State of West Virginia.

**"Supplemental Resolution"** shall mean any ordinance, resolution or order of the Issuer, supplementing or amending this Ordinance, and when preceded by the article **"the"**, refers specifically to the Supplemental Resolution authorizing the sale of the Notes or Original Bonds, provided that, any matter intended by this Ordinance to be included in the Supplemental Resolution, with respect to the Notes or the Original Bonds, as the case may be, and not so included, may be included in another Supplemental Resolution.

**"Surplus Revenues"** shall mean the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the reserve accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

**"System"** shall mean the works for the collection and/or treatment, purification and disposal of sewage in its entirety or any integral part thereof, owned by the Town and under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

**"Trustee"** shall mean the banking institution designated as Trustee for the Noteholders under the Indenture, if any, and its successors and assigns.

Words importing singular number shall include the plural number in each case and vice versa, words importing persons shall include firms and corporations, and words importing the masculine gender include all other genders.

## ARTICLE II

### AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project at an estimated cost of Two Million Six Hundred Seventy-Eight Thousand and NO/100 Dollars (\$2,678,000.00) in accordance with the plans and specifications which have been prepared by the Consulting Engineers heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

## ARTICLE III

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

Section 3.01. Authorization of Original Bonds. For the purposes of capitalizing interest on the Original Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer in an aggregate principal amount of not more than Seven Hundred Twenty Thousand and NO/100 Dollars (\$720,000.00). Said Bonds shall be issued in two series to be designated respectively, "Sewer Revenue Bonds, Series 1989 A," and "Sewer Revenue Bonds, Series 1989 B," in the aggregate principal amount of not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00) and Ninety-Five Thousand and NO/100 Dollars (\$95,000.00), respectively, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single Bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in an aggregate principal amount equal to the amount of said Bonds then outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds, provided that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form in such denomination as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

**Section 3.04. Authentication and Registration.** No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration of any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all the Bonds issued hereunder.

**Section 3.05. Negotiability, Transfer and Registration.** Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide Holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

**Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost.**

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

**Section 3.07. Bonds Not To Be Indebtedness of the Issuer.**

The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any Constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of any of

the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

**Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1989 B Bonds To Be Junior and Subordinate to Series 1989 A Bonds.** The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same becomes due.

**Section 3.09. Form of Original Bonds.** The text of the Original Bonds shall be in, substantially, the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

[Form of Series 1989 A Bond]

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET SEWER REVENUE  
BOND, SERIES 1989 A**

No. AR-1

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

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Marmet, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby, promises to pay, solely from the special funds provided therefor as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of \_\_\_\_\_ and NO/100 Dollars (\$ \_\_\_\_\_), in annual installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. 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 \_\_\_\_\_, a national banking association, 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 Issuer and the Authority, dated \_\_\_\_\_, 19\_\_.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewerage treatment system, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund the reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an ordinance duly enacted by the Issuer on \_\_\_\_\_, 19\_\_\_\_, effective \_\_\_\_\_, 19\_\_\_\_, as supplemented by a resolution duly adopted by the Issuer on the \_\_\_\_\_th day of \_\_\_\_\_, 19\_\_\_\_, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1989 B, of the Issuer (the "Series 1989 B Bonds"), issued in the aggregate principal amount of \_\_\_\_\_ and NO/100 Dollars (\$\_\_\_\_\_), which Series 1989 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the monies in the Series 1989 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due on principal of and interest on the Bonds, the Series 1989 B Bonds, and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1989 B Bonds, provided however, that so long as there exists in the Series 1989 A Bonds Reserve Account, an amount at least equal

to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve account established for the Series 1989 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 B Bonds in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond, Legislation, ordinances, 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 MARMET 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 \_\_\_\_\_, 1989.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

\_\_\_\_\_  
As Registrar

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

Dated: \_\_\_\_\_, 1989

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: \_\_\_\_\_

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

\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET SEWER REVENUE  
BOND, SERIES 1989 B

NO. BR-1

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

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of \_\_\_\_\_ and NO/100 Dollars (\$ \_\_\_\_\_), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity, in whole or in part, at any time, 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 Issuer and the Authority, dated \_\_\_\_\_, 1989.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund the reserve account for the Bonds of this series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on \_\_\_\_\_, 1989, effective \_\_\_\_\_, 1989, as supplemented by resolution duly adopted by the Issuer on the \_\_\_\_\_th day of \_\_\_\_\_, 1989, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the monies in the Series 1989 B Bonds Reserve Account, and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1989 A Bonds, and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1989 A Bonds, provided however, that so long as there exists in the Series 1989 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1989 A Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted, a lien upon such monies, until so applied, in favor of the Owner of this Bond, provided that said lien upon monies in the Bond Construction Trust Fund is subordinate to the lien of the Series 1989 A Bonds.

This Bond is junior, subordinate and inferior as to lien on and source and security for payment from the net revenues and in all other respects to the Town's Sewer Revenue Bonds, Series 1989 A, issued simultaneously herewith, in the aggregate principal amount of Seven Hundred Twenty Thousand and NO/100 Dollars (\$720,000.00) (the "Series 1989 A Bonds").

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner, as required by law, and that the amount of this Bond, together with all other obligations of the 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 revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF MARMET 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 \_\_\_\_\_, 1989.

[SEAL]

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Mayor

ATTEST:

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Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

\_\_\_\_\_  
As Registrar

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

Dated: \_\_\_\_\_, 1989

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: \_\_\_\_\_

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

\_\_\_\_\_

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement With Authority. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the forms attached hereto as Exhibits "B" and "C" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and such execution and delivery are ratified and confirmed.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1989 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1989 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1989 B Bonds for payment until the outstanding Notes have been paid.

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

**Section 4.01. Authorization and General Terms.** In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed One Million Five Hundred Thousand NO/100 Dollars (\$1,500,000.00). The Notes may be in the form of grant anticipation notes, Bond Anticipation Notes or as evidence of a line of credit from a commercial bank or other lender at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or Supplemental Resolution, as applicable.

**Section 4.02. Terms of and Security for Notes; Trust Indenture.** The Notes shall be issued in fully registered form, in the denomination of Five Thousand and NO/100 Dollars (\$5,000.00) or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable, or Supplemental Resolution, if no Indenture is used.

**Section 4.03. Notes are Special Obligations.** The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, the monies in the funds and accounts created under the Indenture, if any, the net proceeds of any draw under the letter of credit issued by the Credit Bank or any refunding notes, the Surplus Revenues, if any, and any other sources described in the Indenture or Supplemental Resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit, nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

**Section 4.04. Letters of Credit.** As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue

its refunding notes to the Credit Bank. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

## ARTICLE V

### SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts With Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank:

1. Revenue Fund;
2. Renewal and Replacement Fund;
3. Bond Construction Trust Fund; and
4. Rebate Account.

Section 5.02. Establishment of Funds and Accounts With Commission. The following special funds or accounts are hereby established with the Commission:

- A. Series 1989 A Bonds Sinking Fund;

Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account.

- B. Series 1989 B Bonds Sinking Fund;

Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The Gross Revenues shall be deposited in the Sewer Revenue Fund established by Section 5 of the Prior Ordinance (the "Prior Revenue Fund"). Monies in the Prior Revenue Fund shall first be disposed of as provided by Section 5(1), 5(2), and 5(3) of the Prior Ordinance.

B. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank, and used only for the purposes and in the manner herein provided. From the Revenue Fund, the Town shall, the first each month, pay the current Operating Expenses of the System.

C. Thereafter, the Issuer shall next, on the first day of each month, commencing seven months prior to the first date of payment of interest on the Series 1989 A Bonds for which interest has not been capitalized, apportion and set apart, out of the Revenue Fund, and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to one-sixth ( $1/6$ ) of the amount of interest which will become due on said Series 1989 A Bonds on the next ensuing semi-annual interest payment date, provided that, in the event that the period to elapse between the date of such initial deposit in the Series 1989 A

Bonds Sinking Fund and the next semi-annual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

D. The Issuer shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund, and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Series 1989 A Bonds on the next ensuing principal payment date, provided that, in the event that the period to elapse between the date of such initial deposit in the Series 1989 A Bonds Sinking Fund and the next annual principal payment date is less than thirteen (13) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

E. The Town shall next, on the first day of each month commencing thirteen (13) months prior to the first date of payment of principal on the Series 1989 A Bonds, remit to the Commission for deposit in the Series 1989 A Reserve Account, an amount equal to one-one hundred twentieth (1/120) of the Series 1989 A Reserve Account Requirement, provided that, no further payments shall be made into the Series 1989 A 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 1989 A Reserve Account Requirement. Once the Series 1989 A Reserve Account has been funded at the Series 1989 A Reserve Account Requirement, whether from Series 1989 A Bond proceeds or such monthly payments or otherwise, the Town shall next remit to the Commission for deposit in the Series 1989 A Reserve Account, an amount equal to any deficiency in the Series 1989 A Reserve Account Requirement. Any withdrawals from the Series 1989 A Reserve Account which result in a reduction in the balance of the Series 1989 A Reserve Account to below the Series 1989 A Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

F. The Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, (i) transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Series 1989 A Bonds Reserve Account; (ii) all funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and from each other, and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for extensions or improvements to the System or

for making emergency repairs or replacements to the System, provided that, any deficiencies in the Series 1989 A Bonds Reserve Account shall be promptly eliminated with monies from the Renewal and Replacement Fund.

G. The Issuer shall next, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1989 B Bonds, apportion, set apart and remit to the Commission for deposit in the Series 1989 B Bonds Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Series 1989 B Bonds on the next ensuing principal payment date.

H. The Town shall next, on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Series 1989 B Bonds, remit to the Commission for deposit in the Series 1989 B Reserve Account, an amount equal to one one hundred twentieth (1/120) of the Series 1989 B Reserve Account Requirement, provided that, no further payments shall be made into the Series 1989 B 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 1989 B Reserve Account Requirement. Once the Series 1989 B Reserve Account has been funded at the Series 1989 B Reserve Account Requirement, the Town shall next, remit to the Commission for deposit in the Series 1989 B Reserve Account, an amount equal to any deficiency in the Series 1989 B Reserve Account Requirement. Any withdrawals from the Series 1989 B Reserve Account, which result in a reduction in the balance of the Series 1989 B Reserve Account to below the Series 1989 B Reserve Account Requirement, shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

Monies in the Series 1989 A Bonds Sinking Fund and the Series 1989 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Monies in the Series 1989 A Bonds Reserve Account and the Series 1989 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds as the same shall come due, when over monies in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the several Sinking Funds and Reserve Accounts shall be returned not less than once each year by the Commission to the Issuer for deposit in the Revenue Fund, and such amounts shall be applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

As and when additional Bonds ranking on a parity with the Series 1989 B Bonds are issued, provision shall be made for additional payments into the Series 1989 B Sinking Fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1989 B Reserve Account in an amount equal to the maximum principal and interest, if any, on the Series 1989 B Bonds, including such additional Series 1989 B Bonds which, by their terms, are payable from such Sinking Fund, coming due in any year.

As and when additional Bonds ranking on a parity with the Series 1989 A Bonds are issued, provision shall be made for additional payments into the Series 1989 A Sinking Fund, sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity, and to accumulate a balance in the Series 1989 A Reserve Account in an amount equal to the maximum principal and interest on the Series 1989 A Bonds, including such additional Series 1989 A Bonds which, by their terms, are payable from such Sinking Fund, coming due in any year.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Saturday, Sunday, or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof, consistent with the provisions of this Bond Legislation.

Monies in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith, that may be issued and outstanding under the conditions and restrictions hereinafter set forth.

I. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several funds as hereinbefore provided are current, and there remains in said Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Account therein and the Renewal and Replacement Fund, during the following month or such other period as required by law, such excess shall be considered Surplus Revenues which may

be used for any lawful purpose of the Issuer, including, but not limited to payment to the Trustee for deposit in the Notes Debt Service Fund as defined in the Indenture.

J. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay fees and charges when due.

K. The monies in excess of the sum insured by the maximum amounts insured by the FDIC, other than with the Commission, and in the Revenue Fund and the Renewal and Replacement Fund, shall, at all times, be secured to the full extent thereof in excess of such insured sum by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

L. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinbefore 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.

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

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

O. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority, be deposited otherwise.

## ARTICLE VI

### ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. There shall next be paid from the proceeds of the Bonds, be credited to the Bond Construction Trust Fund, and then paid to the Depository Bank, the amount necessary to pay in full all prior borrowings of the Issuer in connection with the Project, including interest accrued thereon, and the Depository Bank shall, concurrently with such deposit, pay such borrowings as directed by the Issuer.

B. Next, from the proceeds of the Series 1989 A Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1989 A Reserve Account, a sum equal to the Series 1989 A Reserve Requirement, and from the proceeds of the Series 1989 B Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1989 B Reserve Account, a sum equal to the Series 1989 B Reserve Requirement.

C. The remaining monies derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a Trustee and Ffiduciary for the Bondholder with respect to the Bond Construction Trust Fund, and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Monies in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project, and until so expended, are hereby pledged as additional security for the Bonds, with the lien on account of the Series 1989 B Bonds being junior and subordinate to that of the Series 1989 A Bonds. In the event that Notes are issued, the disposition of funds in the Bond Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

**Section 6.02. Disbursements From the Bond Construction Trust Fund.** Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate signed by an Authorized Officer and the Consulting Engineers, stating:

A. That none of the items for which the payment is proposed to be made has formed the basis for the disbursement theretofore made;

B. That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

C. That each of such costs has been otherwise properly incurred; and

D. That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund, only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall, from time to time, file with the Depository Bank, written statements advising the Depository Bank of its then authorized representative.

Pending such application, monies in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project as certified by the Consulting Engineers, the Depository Bank shall transfer any monies remaining in the Bond Construction Trust Fund to the Series 1989 A Bonds Reserve Account, and when fully funded, to the Series 1989 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining monies to the Issuer for deposit in the Revenue Fund. The Issuer shall, thereafter, apply such monies in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and next, to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1989 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such monies shall be applied to the purchase of such Series 1989 B Bonds.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment, in full, of the principal of and interest on the Notes, when due, the covenants, agreements, and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor, and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture, provided that, Section 7.04 and Section 7.09 shall not be applied to the Notes.

**Section 7.02. Bonds and Notes Not To Be Indebtedness of the Issuer.** Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer, within the meaning of any Constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

**Section 7.03. Bonds Secured by Pledge of Net Revenues.** The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith, equally and ratably with each other, by a lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith, equally and ratably with each other, by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds. Such Net Revenues, in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

**Section 7.04. Initial Schedule of Rates and Charges.** The initial schedule of rates and charges for the services and facilities of the System has been passed and approved by the Council as of November 8, 1989. A copy of the Ordinance so passed is attached hereto as Exhibit "E".

**Section 7.05. Sale of the System.** The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof, and if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon, shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full, shall be applied to the payment of the Notes, either at maturity, or if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System, hereinafter determined in the manner provided herein, to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000.00, the Issuer shall, by resolution, determine that such property comprising a part of the System, is no longer necessary, useful or profitable in the operation thereof, and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000.00 but not in excess of \$50,000.00, the Issuer shall first determine, upon consultation with the Consulting Engineers, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then, if it be 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 \$10,000.00 and not in excess of \$50,000.00, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund, and shall be applied only to the purchase of Bonds of the last maturities then outstanding, at prices not greater than the par value thereof plus three percent (3%) of the such par value, or otherwise shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provision of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same fiscal year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000.00 and insufficient to pay all the Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over fifty percent (50%) in amount of the Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations, whatsoever, with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or Supplemental Resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation, provided that, Parity Bonds, having a lien on the net revenues, which may dilute the amount of Surplus Revenues available for the Notes, may be issued to complete the Project. So long as any of the Bonds are Outstanding, no obligations payable from the revenues of the System, which rank prior to or equally as to lien on and source of and security for payment from such revenues with the Bonds, may be issued, provided however, that, additional Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity, 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 1989 A Bonds and the Series 1989 B Bonds, provided that, no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts, the Sinking Fund and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations, have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over, or being on a parity with, the lien of the Bonds and the interest

thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds.

A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1989 A Bonds, as long as the Series 1989 B Bonds are outstanding. All Parity Bonds issued hereunder, as long as the Series 1989 B Bonds are outstanding, shall be on a parity, in all respects, with the Series 1989 B Bonds only.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System, or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds, and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, or which are otherwise not subject to further

appeal, 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 twelve-consecutive-month period hereinabove referred to, may be adjusted by adding to such Net Revenues such additional New 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 Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds, or which are otherwise not subject to further appeal.

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

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

All Parity Bonds shall mature on the day of the year of maturities, and the semi-annual interest thereon shall be payable on the days of each year specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include Bonds, Notes, certificates or other obligations subsequently issued, the lien of which on the Revenues of the System is subject to the prior and superior liens of the Series 1989 A Bonds and the Series 1989 B Bonds on such Revenues. The Issuer shall not issue any obligations whatsoever, payable from the Revenues of the System, or any part thereof, which rank prior to or except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such Revenues, with the Series 1989 A Bonds or the Series 1989 B Bonds.

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

B. Notwithstanding the foregoing or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project, as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer, the written consent of the Authority to the issuance of Bonds on a parity with the Series 1989 A Bonds.

**Section 7.08. Books and Records.** The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee, shall have the right, at all reasonable times, to inspect the System and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records, as may be required, shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the governing body. The governing body shall prescribe and institute the manner by which subsidiary records of the accounting system, which may be installed remote from the direct supervision of the governing body, shall be reported to such agent of the Issuer as the governing body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture, with respect to the said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

**Section 7.09. Rates.** Equitable rates or charges for the use of and service rendered by the System, have been established all in the manner and form required by law, and copies of such rates and charges, as 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 said System sufficient to pay Operating Expenses and to make the payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary, unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges, from time to time in effect, shall be sufficient, along with other revenues of the System, (i) to pay for all reasonable expenses of operation, repair and maintenance of the System, and (ii) to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, provided that, in the event that an amount equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts for Bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least one hundred ten percent (110%) of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such Revenues prior to or on a parity with the Bonds.

**Section 7.10. Operating Budget and Audit.** The Issuer shall annually, at least forty-five (45) days preceding the beginning of each fiscal year, prepare and adopt, by resolution, a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year. No expenditures for the operation and maintenance of the System shall be made in any fiscal year in excess of the amounts provided therefor in such budget, without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state, in detail, the purpose of necessity for such increased expenditures for the operation and

maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (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 Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance, to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System, at all reasonable times, to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually, cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority, and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

**Section 7.11. No Competing Franchise.** To the extent legally allowable, the Issuer will not grant, cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality, whatsoever, for the providing of any services which would compete with services provided by the System.

**Section 7.12. Enforcement of Collections.** The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the regulations of the Public Service Commission of West Virginia, and other laws of the State of West Virginia.

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

off the services and facilities of the System and any services of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for services of the System, and will not restore such services of either System until all delinquent charges for the services of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

**Section 7.13. No Free Services.** The Issuer will not render or cause to be rendered, any free services of any nature by the System, nor will any preferential rates be established for users of the same class, and in the event that the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

**Section 7.14. Insurance and Construction Bonds.**

A. The Issuer hereby covenants and agrees that as long as any of the Bonds or the Notes remain outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers, as is customarily covered, with respect to works and properties similar to the System, with such beneficence as shall be required by Section 2.8 of the Loan Agreement. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTENING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurance portions of the System, in an amount equal to the actual cost thereof. In time of war, the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance received by the Issuer shall be deposited in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for other purposes of the Renewal and Replacement Fund. The Issuer will, itself, or will require each contractor and subcontractor, to obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors, as their interests may appear, during construction of the Project in the full insurable value thereof, all as required by the Loan Agreement. The Town shall carry such other insurance as required by the

Authority, including, but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Town.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than Five Hundred Thousand and NO/100 Dollars (\$500,000.00) per occurrence, to protect the Issuer from claims for bodily injury and/or death, and not less than One Hundred Thousand and NO/100 Dollars (\$100,000.00) per occurrence, for claims for damage to property of others, which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of the operation of or ownership of motor vehicles for the System.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Worker's Compensation coverage for all employees working on the Project, and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

If the Project is detrimentally affected by flooding or is located in designated special flood or mud-slide prone areas, and if flood insurance is available at a reasonable cost, a flood insurance policy shall be obtained by the Issuer. Prior to commencing operation of the Project, the Issuer shall obtain business interruption insurance if available at a reasonable cost. These policies of insurance shall be kept in effect so long as Local Bonds are outstanding.

Section 7.15. Connection. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

Except as provided in the Indenture, if any, with respect to funds and accounts created thereby, 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 created or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost of the 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 Trustee, if any, 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 Trustee, if any, 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or wilful misconduct.

**Section 8.02. Restrictions as to Arbitrage Bonds.** The Issuer hereby covenants and hereby so instructs the Bond Commission and the Trustee, that they shall not permit, at any time or times, any of the proceeds of the Bonds or any other funds of the Issuer, to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bond to be an "Arbitrage Bond" as defined in Section 148 of the Internal Revenue Code of 1986 (or any successor provision), and an Authorized Officer shall deliver his certificate, based upon this covenant with regard thereto, to the purchaser of the Original Bonds.

**Section 8.03. Rebates of Excess Arbitrage Earnings.** In accordance with Section 148(f)(C) of the Code, the Issuer represents that it is a governmental unit with general taxing powers, that the Bonds are not private activity Bonds as defined in Section 141 of the Code, that ninety-five percent (95%) or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Issuer), and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds, as defined in Section 142 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year in which the Bonds are issued, will not exceed Five Million and NO/100 Dollars (\$5,000,000.00). Therefore, the Issuer believes that it is exempt from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is, in fact, subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States Government; the amounts required by the Code, and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates, as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

**Section 8.04. Covenant to Amend Ordinance.** The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the Town deems desirable or necessary prior to the issuance of the Bonds, including, but not limited to, amendments, insertions and deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 hereof, the Town shall, without consent of the Owners of any Bonds or Notes, as the case may be, amend or supplement this Ordinance by a resolution supplemental hereto or any amendatory ordinance to comply with the Code, if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds or Notes. The Council of the Town hereby retains the specific authority to amend this Ordinance or supplement it by resolution, to comply with the Code. In its determination to amend or supplement this Ordinance, the Town may rely on the opinion of nationally recognized bond counsel.

**Section 8.05. Public Purpose Bonds.** The Town shall use the Original Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely for a public purpose and as a local governmental activity of the Town.

**Section 8.06. Private Activity Bond Covenant.** The Town shall not permit, at any time or times, any of the proceeds of the Bonds or any other funds of the Town, to be used directly or indirectly in a manner which would result in the exclusion of the 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 Bonds.

**Section 8.07. Filing Covenant.** The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

**Section 8.08. Federal Guarantee Covenant.** The Bonds, in whole or in part, are not and will not be directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

**Section 8.09. Restriction of Yield on Bond Proceeds.** The Town shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

**ARTICLE IX**  
**DEFAULT AND REMEDIES**

**Section 9.01. Events of Default.**

A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any Supplemental Resolution, or in the Notes, and such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder, or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any Supplemental Resolution, the Indenture or in the Bonds, any such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder, or a Holder of Bonds; or

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

**Section 9.02. Remedies.** Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her right, 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 includ-

ing the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to, the making and collection of sufficient rates or charges for services rendered by the system, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity, require the Issuer to account, as if it were the Trustee, of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1989 B Bonds shall be subject to those of the Holders of the Series 1989 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the Revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

Any rights of the Registered Owners of the Series 1989 B Bonds, with respect to the remedies provided by this Section, shall be subject to the prior and senior rights of the Registered Owners of the Series 1989 A Bonds.

## ARTICLE X

### DEFEASANCE

**Section 10.01. Defeasance of Series 1989 A Bonds.** If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the respective Holders of all Series 1989 A Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 A Bonds only, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 A Bonds, for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient to pay as and when due, the principal installments of and interest on such Series 1989 A Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1989 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 1989 A Bonds on and prior to the maturity dates thereof, or to a prior redemption date thereof (including in such instance, any premium to come due thereon). Neither securities nor monies deposited with the Commission pursuant to this section, nor principal or interest payments on any such securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1989 A 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 maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

**Section 10.02. Defeasance of Series 1989 B Bonds.** If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the respective Holders of all Series 1989 B Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 B Bonds only, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation, and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 B Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 B Bonds, for the payment of which either monies in an amount which shall be sufficient or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient to pay as and when due, the principal installments of and interest on such Series 1989 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 1989 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 monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 1989 B Bonds on and prior to the maturity dates thereof, or to a prior redemption date thereof (including in such instance any premiums to come due thereon). Neither securities nor monies deposited with the Commission pursuant to this section, nor principal or interest payments on any such securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1989 B Bonds, provided that, any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due, the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer 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 XI

### MISCELLANEOUS

**Section 11.01. Amendment or Modification of Bond Legislation.** No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds, shall be made without the consent, in writing, of the Registered Owners of sixty-six and two-thirds percent ( $66\frac{2}{3}\%$ ) or more in principal amount of the Notes or Bonds so affected and then outstanding, provided that, no charge shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor, without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

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

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

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

**Section 11.05. Amendments to Maintain Tax Exemption.** The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

**Section 11.06. Conflicting Provisions Repealed.** All orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

**Section 11.07. Covenant of Due Procedure, Etc.** The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance, do exist, have happened, have been performed and have been taken in compliance with the laws and Constitution of the State of West Virginia applicable thereto, and that the Mayor, Recorder and members of the governing body were, at all times, when any actions in connection with this Ordinance occurred, duly in office and duly qualified for such office.

**Section 11.08. Publication of Ordinance; Public Hearing.** The Recorder hereby is authorized and directed to publish an abstract of this Ordinance and a notice of public hearing in substantially the form appended hereto as Exhibit "F" as a Class II-0 legal advertisement in compliance with the provisions of Chapter 59, Article III, of the Code of West Virginia, 1931, as amended, in the Charleston Daily Mail and the Charleston Gazette, being of general circulation in the Town. Said abstract and notice shall be published twice, the first such publication being not less than ten (10) days prior to the date of public hearing, and the second such publication being not less than seven (7) days or nor more than thirteen (13) days following said first publication but prior to the date of public hearing.

It is hereby determined that said abstract in such form contains sufficient information of the contents of this Ordinance.

The Council of the Town shall conduct a public hearing on the date stated in said abstract and notice, and shall permit any person interested in the Ordinance and the proposed issuance of the Series 1989 A Bonds and Series 1989 B Bonds to present protests, objections and suggestions relevant thereto.

**Section 11.09. Effective Date.** This Ordinance shall take effect after the public hearing and otherwise in accordance with law.

First Reading: \_\_\_\_\_

Second Reading: \_\_\_\_\_

Public Hearing: \_\_\_\_\_

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the Town of Marmet on this 3th day of January, 1989.

[SEAL]

Luther W. Simpson  
Mayor

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the Town of Marmet on this 3th day of January, 1989.

[SEAL]

Arthur W. Sutphen  
Mayor

TOWN OF MARMET

Sewer Revenue Bonds  
Series 1990 A and Series 1990 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A AND SERIES 1990 B OF THE TOWN OF MARMET; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council ("Governing Body") of the Town of Marmet (the "Issuer"), has duly and officially enacted a Bond and Notes Ordinance, effective December 5, 1989 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MARMET, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN SEVEN HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS (\$720,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, AND NOT MORE THAN ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00) INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES, BOND ANTICIPATION NOTES, OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS, AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES, AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$815,000.00 to be issued in two series: the Series 1990 A Bonds to be in an aggregate principal amount of not more than \$720,000.00 (the "Series 1990 A Bonds"), and the Series 1990 B Bonds to be in an aggregate principal amount of not more than \$95,000.00 (the "Series 1990 B Bonds"); and has authorized the execution and delivery of a Loan Agreement relating to the Series 1990 A Bonds dated January 3, 1990, and a Supplemental Loan Agreement relating to the Series 1990 B Bonds, also dated January 3, 1990, (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a Supplemental Resolution pertaining to the Bonds, and that other matters relating to the Bonds be herein provided for;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF MARMET:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted, and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1990 A of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$664,013.00. The Series 1990 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 7.85 percent per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1990, shall be subject to redemption only upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set

forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference and hereby specifically approved.

(B) The Sewer Revenue Bonds, Series 1990 B of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$30,987.00. The Series 1990 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption only upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference and hereby specifically approved.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be one hundred percent (100%) of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint City National Bank, Charleston, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. No Series 1990 A Bond proceeds shall be deposited in the Series 1990 A Bonds Sinking Fund, as capitalized interest.

Section 8. No Series 1990 A Bond proceeds or Series 1990 B Bond proceeds shall be deposited in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, respectively.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about January 3, 1990, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project which is projected to cost \$2,678,000.00 in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance, therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in Qualified Investments until advised by the Issuer to the contrary.

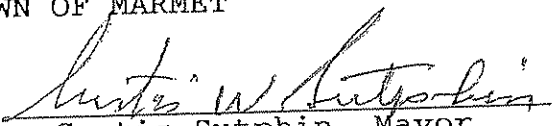
Section 12. The Issuer shall not permit, at any time or times, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. In accordance with Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, (the "Code"), the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer), and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1990 will not exceed \$5,000,000.00, excluding, however, tax exempt obligations which are not outstanding as of the date of delivery of the Bonds.

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

Adopted this 3rd day of January, 1990.

TOWN OF MARMET

By   
Curtis Sutphin, Mayor

Adopted this 3rd day of January, 1990.

TOWN OF MARMET

By Curtis W. Sutphin  
Curtis Sutphin, Mayor

Town of Marmet  
Debt Service Schedule  
Analysis of Borrowing from Series 1989 Pool  
38 Principal Payments  
Closing Date: 03-Jan-90

| Date        | Coupon | Principal  | Interest     | Debt Service<br>7.85% Bonds |
|-------------|--------|------------|--------------|-----------------------------|
| 01-Oct-90   |        |            | 38,804.18    | 38,804.18                   |
| 01-Oct-91   | 7.85%  | 3,127.00   | 52,125.02    | 55,252.02                   |
| 01-Oct-92   | 7.85%  | 3,373.00   | 51,879.55    | 55,252.55                   |
| 01-Oct-93   | 7.85%  | 3,638.00   | 51,614.77    | 55,252.77                   |
| 01-Oct-94   | 7.85%  | 3,923.00   | 51,329.19    | 55,252.19                   |
| 01-Oct-95   | 7.85%  | 4,231.00   | 51,021.23    | 55,252.23                   |
| 01-Oct-96   | 7.85%  | 4,563.00   | 50,689.10    | 55,252.10                   |
| 01-Oct-97   | 7.85%  | 4,922.00   | 50,330.90    | 55,252.90                   |
| 01-Oct-98   | 7.85%  | 5,308.00   | 49,944.53    | 55,252.53                   |
| 01-Oct-99   | 7.85%  | 5,725.00   | 49,527.85    | 55,252.85                   |
| 01-Oct-2000 | 7.85%  | 6,174.00   | 49,078.44    | 55,252.44                   |
| 01-Oct-2001 | 7.85%  | 6,659.00   | 48,593.78    | 55,252.78                   |
| 01-Oct-2002 | 7.85%  | 7,181.00   | 48,071.04    | 55,252.04                   |
| 01-Oct-2003 | 7.85%  | 7,745.00   | 47,507.34    | 55,252.34                   |
| 01-Oct-2004 | 7.85%  | 8,353.00   | 46,899.35    | 55,252.35                   |
| 01-Oct-2005 | 7.85%  | 9,009.00   | 46,243.64    | 55,252.64                   |
| 01-Oct-2006 | 7.85%  | 9,716.00   | 45,536.44    | 55,252.44                   |
| 01-Oct-2007 | 7.85%  | 10,479.00  | 44,773.73    | 55,252.73                   |
| 01-Oct-2008 | 7.85%  | 11,301.00  | 43,951.13    | 55,252.13                   |
| 01-Oct-2009 | 7.85%  | 12,188.00  | 43,064.00    | 55,252.00                   |
| 01-Oct-2010 | 7.85%  | 13,145.00  | 42,107.24    | 55,252.24                   |
| 01-Oct-2011 | 7.85%  | 14,177.00  | 41,075.36    | 55,252.36                   |
| 01-Oct-2012 | 7.85%  | 15,290.00  | 39,962.47    | 55,252.47                   |
| 01-Oct-2013 | 7.85%  | 16,490.00  | 38,762.20    | 55,252.20                   |
| 01-Oct-2014 | 7.85%  | 17,785.00  | 37,467.74    | 55,252.74                   |
| 01-Oct-2015 | 7.85%  | 19,181.00  | 36,071.61    | 55,252.61                   |
| 01-Oct-2016 | 7.85%  | 20,687.00  | 34,565.91    | 55,252.91                   |
| 01-Oct-2017 | 7.85%  | 22,311.00  | 32,941.98    | 55,252.98                   |
| 01-Oct-2018 | 7.85%  | 24,062.00  | 31,190.56    | 55,252.56                   |
| 01-Oct-2019 | 7.85%  | 25,951.00  | 29,301.70    | 55,252.70                   |
| 01-Oct-2020 | 7.85%  | 27,988.00  | 27,264.54    | 55,252.54                   |
| 01-Oct-2021 | 7.85%  | 30,185.00  | 25,067.48    | 55,252.48                   |
| 01-Oct-2022 | 7.85%  | 32,554.00  | 22,697.96    | 55,251.96                   |
| 01-Oct-2023 | 7.85%  | 35,110.00  | 20,142.47    | 55,252.47                   |
| 01-Oct-2024 | 7.85%  | 37,866.00  | 17,386.34    | 55,252.34                   |
| 01-Oct-2025 | 7.85%  | 40,839.00  | 14,413.86    | 55,252.86                   |
| 01-Oct-2026 | 7.85%  | 44,044.00  | 11,207.99    | 55,251.99                   |
| 01-Oct-2027 | 7.85%  | 47,502.00  | 7,750.54     | 55,252.54                   |
| 01-Oct-2028 | 7.85%  | 51,231.00  | 4,021.63     | 55,252.63                   |
| 01-Oct-2029 | 0.00%  | 0.00       | 0.00         | 0.00                        |
|             |        | 664,013.00 | 1,474,384.79 | 2,138,397.79                |

Town of Marmet  
Debt Service Schedule  
Analysis of Borrowing from Series 1989 Pool  
38 Principal Payments  
Closing Date: 03-Jan-90

| Date        | Interest<br>Pres Loan |
|-------------|-----------------------|
| 01-Oct-90   | 815.35                |
| 01-Oct-91   | 815.45                |
| 01-Oct-92   | 815.45                |
| 01-Oct-93   | 815.45                |
| 01-Oct-94   | 815.45                |
| 01-Oct-95   | 815.45                |
| 01-Oct-96   | 815.45                |
| 01-Oct-97   | 815.45                |
| 01-Oct-98   | 815.45                |
| 01-Oct-99   | 815.45                |
| 01-Oct-2000 | 815.45                |
| 01-Oct-2001 | 815.45                |
| 01-Oct-2002 | 815.45                |
| 01-Oct-2003 | 815.45                |
| 01-Oct-2004 | 815.45                |
| 01-Oct-2005 | 815.45                |
| 01-Oct-2006 | 815.45                |
| 01-Oct-2007 | 815.45                |
| 01-Oct-2008 | 815.45                |
| 01-Oct-2009 | 815.45                |
| 01-Oct-2010 | 815.45                |
| 01-Oct-2011 | 815.45                |
| 01-Oct-2012 | 815.45                |
| 01-Oct-2013 | 815.45                |
| 01-Oct-2014 | 815.45                |
| 01-Oct-2015 | 815.45                |
| 01-Oct-2016 | 815.45                |
| 01-Oct-2017 | 815.45                |
| 01-Oct-2018 | 815.45                |
| 01-Oct-2019 | 815.45                |
| 01-Oct-2020 | 815.45                |
| 01-Oct-2021 | 815.45                |
| 01-Oct-2022 | 815.45                |
| 01-Oct-2023 | 815.45                |
| 01-Oct-2024 | 815.45                |
| 01-Oct-2025 | 815.45                |
| 01-Oct-2026 | 815.45                |
| 01-Oct-2027 | 815.45                |
| 01-Oct-2028 | 815.45                |
| 01-Oct-2029 | 0.00                  |

30,987.00

[Form of Series 1990 A Bond]

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET SEWER REVENUE  
BOND, SERIES 1990 A**

No. AR-1

\$664,013.00

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Marmet, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby, promises to pay, solely from the special funds provided therefor as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Six Hundred Sixty-Four Thousand Thirteen and NO/100 Dollars (\$664,013.00), in annual installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. 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 One Valley Bank, National Association, a national banking association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month 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 Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewerage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an ordinance duly enacted by the Issuer on December 5, 1989, effective December 5, 1989, as supplemented by a resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of Thirty Thousand Nine Hundred Eighty-Seven and NO/100 Dollars (\$30,987.00), which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the monies in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due on principal of and interest on the Bonds and the Series 1990 B Bonds, and on all other obligations secured by or payable from

such revenues prior to or on a parity with the Bonds, or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve account established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 B Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond, Legislation, ordinances, 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 MARMET 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 January 3, 1990.

[SEAL]

---

Mayor

ATTEST:

---

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

\_\_\_\_\_  
As Registrar

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

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: \_\_\_\_\_

In the presence of:

\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET SEWER REVENUE  
BOND, SERIES 1990 A**

No. AR-1

\$664,013.00

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Marmet, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby, promises to pay, solely from the special funds provided therefor as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Six Hundred Sixty-Four Thousand Thirteen and NO/100 Dollars (\$664,013.00), in annual installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. 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 One Valley Bank, National Association, a national banking association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month 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 Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewerage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the Issuer on December 5, 1989, effective December 5, 1989, as supplemented by a resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of Thirty Thousand Nine Hundred Eighty-Seven and NO/100 Dollars (\$30,987.00), which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the monies in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due on principal of and interest on the Bonds, the Series 1990 B Bonds, and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become

due on the Bonds in any year, and in the reserve account established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 B Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond, Legislation, ordinances, 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 MARMET 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 January 3, 1990.

[SEAL]

Louis W. Lupton  
Mayor

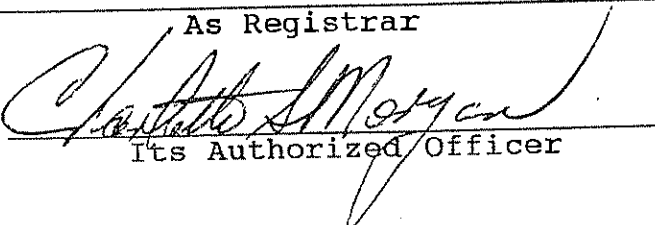
ATTEST:

Marie E. Hudnall  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

As Registrar  
By:   
Its Authorized Officer

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

## Exhibit A

Town of Marmet  
 Debt Service Schedule  
 Analysis of Borrowing from Series 1989 Pool  
 38 Principal Payments  
 Closing Date: 03-Jan-90

| Date        | Coupon | Principal  | Interest     | Debt Service<br>7.85% Bonds |
|-------------|--------|------------|--------------|-----------------------------|
| 01-Oct-90   |        |            | 38,804.18    | 38,804.18                   |
| 01-Oct-91   | 7.85%  | 3,127.00   | 52,125.02    | 55,252.02                   |
| 01-Oct-92   | 7.85%  | 3,373.00   | 51,879.55    | 55,252.55                   |
| 01-Oct-93   | 7.85%  | 3,638.00   | 51,614.77    | 55,252.77                   |
| 01-Oct-94   | 7.85%  | 3,923.00   | 51,329.19    | 55,252.19                   |
| 01-Oct-95   | 7.85%  | 4,231.00   | 51,021.23    | 55,252.23                   |
| 01-Oct-96   | 7.85%  | 4,563.00   | 50,689.10    | 55,252.10                   |
| 01-Oct-97   | 7.85%  | 4,922.00   | 50,330.90    | 55,252.90                   |
| 01-Oct-98   | 7.85%  | 5,308.00   | 49,944.53    | 55,252.53                   |
| 01-Oct-99   | 7.85%  | 5,725.00   | 49,527.85    | 55,252.85                   |
| 01-Oct-2000 | 7.85%  | 6,174.00   | 49,078.44    | 55,252.44                   |
| 01-Oct-2001 | 7.85%  | 6,659.00   | 48,593.78    | 55,252.78                   |
| 01-Oct-2002 | 7.85%  | 7,181.00   | 48,071.04    | 55,252.04                   |
| 01-Oct-2003 | 7.85%  | 7,745.00   | 47,507.34    | 55,252.34                   |
| 01-Oct-2004 | 7.85%  | 8,353.00   | 46,899.35    | 55,252.35                   |
| 01-Oct-2005 | 7.85%  | 9,009.00   | 46,243.64    | 55,252.64                   |
| 01-Oct-2006 | 7.85%  | 9,716.00   | 45,536.44    | 55,252.44                   |
| 01-Oct-2007 | 7.85%  | 10,479.00  | 44,773.73    | 55,252.73                   |
| 01-Oct-2008 | 7.85%  | 11,301.00  | 43,951.13    | 55,252.13                   |
| 01-Oct-2009 | 7.85%  | 12,188.00  | 43,064.00    | 55,252.00                   |
| 01-Oct-2010 | 7.85%  | 13,145.00  | 42,107.24    | 55,252.24                   |
| 01-Oct-2011 | 7.85%  | 14,177.00  | 41,075.36    | 55,252.36                   |
| 01-Oct-2012 | 7.85%  | 15,290.00  | 39,962.47    | 55,252.47                   |
| 01-Oct-2013 | 7.85%  | 16,490.00  | 38,762.20    | 55,252.20                   |
| 01-Oct-2014 | 7.85%  | 17,785.00  | 37,467.74    | 55,252.74                   |
| 01-Oct-2015 | 7.85%  | 19,181.00  | 36,071.61    | 55,252.61                   |
| 01-Oct-2016 | 7.85%  | 20,687.00  | 34,565.91    | 55,252.91                   |
| 01-Oct-2017 | 7.85%  | 22,311.00  | 32,941.98    | 55,252.98                   |
| 01-Oct-2018 | 7.85%  | 24,062.00  | 31,190.56    | 55,252.56                   |
| 01-Oct-2019 | 7.85%  | 25,951.00  | 29,301.70    | 55,252.70                   |
| 01-Oct-2020 | 7.85%  | 27,988.00  | 27,264.54    | 55,252.54                   |
| 01-Oct-2021 | 7.85%  | 30,185.00  | 25,067.48    | 55,252.48                   |
| 01-Oct-2022 | 7.85%  | 32,554.00  | 22,697.96    | 55,251.96                   |
| 01-Oct-2023 | 7.85%  | 35,110.00  | 20,142.47    | 55,252.47                   |
| 01-Oct-2024 | 7.85%  | 37,866.00  | 17,386.34    | 55,252.34                   |
| 01-Oct-2025 | 7.85%  | 40,839.00  | 14,413.86    | 55,252.86                   |
| 01-Oct-2026 | 7.85%  | 44,044.00  | 11,207.99    | 55,251.99                   |
| 01-Oct-2027 | 7.85%  | 47,502.00  | 7,750.54     | 55,252.54                   |
| 01-Oct-2028 | 7.85%  | 51,231.00  | 4,021.63     | 55,252.63                   |
| 01-Oct-2029 | 0.00%  | 0.00       | 0.00         | 0.00                        |
|             |        | 664,013.00 | 1,474,384.79 | 2,138,397.79                |

ASSIGNMENT

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

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

Dated: \_\_\_\_\_

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

\_\_\_\_\_

[Form of Series 1990 B Bond]

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET SEWER REVENUE  
BOND, SERIES 1990 B**

NO. BR-1

\$30,987.00

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Marmet, a municipal corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Thirty Thousand Nine Hundred Eighty Seven and NO/100 Dollars (\$30,987.00), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity, in whole or in part, at any time, 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 Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on December 5, 1989, effective

December 5, 1989, as supplemented by resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. This Bond is junior and subordinate to the lien of the Issuer's Sewer Revenue Bonds, Series 1990 A issued simultaneously herewith (the "Series 1990 A Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System subject only to the lien of the Series 1990 A Bonds, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the monies in the Series 1990 B Bonds Reserve Account, and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1990 A Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1990 A Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1990 A Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferrable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") by the Registered Owner or by its attorney, duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted, a lien upon such monies, until so applied, in favor of the Owner of this Bond, provided that said lien upon monies in the Bond Construction Trust Fund is subordinate to the lien of the Series 1990 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner, as required by law, and that the amount of this Bond, together with all other obligations of the 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 revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF MARMET 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 January 3, 1990.

[SEAL]

---

Mayor

ATTEST:

---

Recorder

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

\_\_\_\_\_  
As Registrar

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

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: \_\_\_\_\_

In the presence of:

\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF MARMET SEWER REVENUE  
BOND, SERIES 1990 B**

**NO. BR-1**

**\$30,987.00**

**KNOW ALL MEN BY THESE PRESENTS:** That the Town of Marmet, a municipal corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Thirty Thousand Nine Hundred Eighty Seven and NO/100 Dollars (\$30,987.00), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity, in whole or in part, at any time, 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 Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on December 5, 1989, effective December 5, 1989, as supplemented by resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called

the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. This Bond is junior and subordinate to the lien of the Issuer's Sewer Revenue Bonds, Series 1990 A issued simultaneously herewith (the "Series 1990 A Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System subject only to the lien of the Series 1990 A Bonds, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the monies in the Series 1990 B Bonds Reserve Account, and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1990 A Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1990 A Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1990 A Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferrable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") by the

Registered Owner or by its attorney, duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

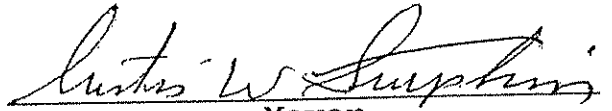
All monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted, a lien upon such monies, until so applied, in favor of the Owner of this Bond, provided that said lien upon monies in the Bond Construction Trust Fund is subordinate to the lien of the Series 1990 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner, as required by law, and that the amount of this Bond, together with all other obligations of the 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 revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal of this Bond.

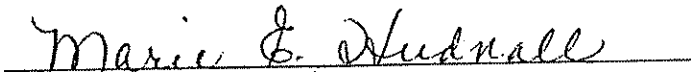
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE TOWN OF MARMET 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 January 3, 1990.

[SEAL]

  
Mayor

ATTEST:

  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

\_\_\_\_\_  
As Registrar  
By: Charlotte Morgan  
Its Authorized Officer

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Marmet  
Debt Service Schedule  
Analysis of Borrowing from Series 1989 Pool  
38 Principal Payments  
Closing Date: 03-Jan-90

| Date        | Interest<br>Free Loan |
|-------------|-----------------------|
| 01-Oct-90   |                       |
| 01-Oct-91   | 815.35                |
| 01-Oct-92   | 815.45                |
| 01-Oct-93   | 815.45                |
| 01-Oct-94   | 815.45                |
| 01-Oct-95   | 815.45                |
| 01-Oct-96   | 815.45                |
| 01-Oct-97   | 815.45                |
| 01-Oct-98   | 815.45                |
| 01-Oct-99   | 815.45                |
| 01-Oct-2000 | 815.45                |
| 01-Oct-2001 | 815.45                |
| 01-Oct-2002 | 815.45                |
| 01-Oct-2003 | 815.45                |
| 01-Oct-2004 | 815.45                |
| 01-Oct-2005 | 815.45                |
| 01-Oct-2006 | 815.45                |
| 01-Oct-2007 | 815.45                |
| 01-Oct-2008 | 815.45                |
| 01-Oct-2009 | 815.45                |
| 01-Oct-2010 | 815.45                |
| 01-Oct-2011 | 815.45                |
| 01-Oct-2012 | 815.45                |
| 01-Oct-2013 | 815.45                |
| 01-Oct-2014 | 815.45                |
| 01-Oct-2015 | 815.45                |
| 01-Oct-2016 | 815.45                |
| 01-Oct-2017 | 815.45                |
| 01-Oct-2018 | 815.45                |
| 01-Oct-2019 | 815.45                |
| 01-Oct-2020 | 815.45                |
| 01-Oct-2021 | 815.45                |
| 01-Oct-2022 | 815.45                |
| 01-Oct-2023 | 815.45                |
| 01-Oct-2024 | 815.45                |
| 01-Oct-2025 | 815.45                |
| 01-Oct-2026 | 815.45                |
| 01-Oct-2027 | 815.45                |
| 01-Oct-2028 | 815.45                |
| 01-Oct-2029 | 0.00                  |
|             | 30,987.00             |

## ASSIGNMENT

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

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

Dated: \_\_\_\_\_

In the presence of:

\_\_\_\_\_

## **SWEEP RESOLUTION**

### **Town of Marmet**

**WHEREAS**, the Town of Marmet (the "Issuer") is a governmental body and political subdivision of West Virginia;

**WHEREAS**, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

**WHEREAS**, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

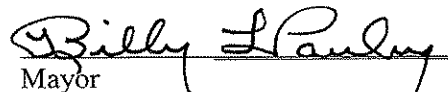
**WHEREAS**, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

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

### **NOW THEREFORE BE IT RESOLVED AS FOLLOWS:**

- 1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Mayor and Clerk are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 15th day of June, 2009.

  
Mayor



## American Recovery and Reinvestment Act of 2009 (ARRA)

### Project Certification

**Program:** West Virginia Clean Water State Revolving Fund

**Project:** Town of Marmet, Kanawha County

**Description:**

Wastewater treatment plant upgrade; replacement of three sewage pumping stations; separation of storm and sanitary sewers and sewer extensions in Dawes Hollow, Curry Hollow and Summit Drive areas.

**Total Project Cost**

\$7,134,237

**ARRA Assistance Provided**

\$3,940,466

I hereby certify that the above project has received the full review and vetting required by federal law and that the investment of federal and state funds in this infrastructure project is an appropriate use of taxpayer dollars.

This certification will be posted on the Governor's website and linked to the federal ARRA website [www.recovery.gov](http://www.recovery.gov).

  
Randy C. Huffman, Cabinet Secretary

  
Date



west virginia department of environmental protection