

**CITY OF PRINCETON**

**SEWER REVENUE BOND  
SERIES 2011 (WV CWSRF PROGRAM)**

**BOND ORDINANCE**

**Table of Contents**

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

|              |                                             |   |
|--------------|---------------------------------------------|---|
| Section 1.01 | Authority for this Ordinance.....           | 1 |
| Section 1.02 | Findings.....                               | 1 |
| Section 1.03 | Bond Legislation Constitutes Contract ..... | 4 |
| Section 1.04 | Definitions.....                            | 4 |

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

|              |                                                                                                          |    |
|--------------|----------------------------------------------------------------------------------------------------------|----|
| Section 2.01 | Authorization of Acquisition and Construction of the<br>Project and Payment of the Series 2008 Note..... | 11 |
|--------------|----------------------------------------------------------------------------------------------------------|----|

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

|              |                                                                                             |    |
|--------------|---------------------------------------------------------------------------------------------|----|
| Section 3.01 | Authorization of Bond .....                                                                 | 12 |
| Section 3.02 | Terms of Bond .....                                                                         | 12 |
| Section 3.03 | Execution of Bond .....                                                                     | 13 |
| Section 3.04 | Authentication and Registration .....                                                       | 13 |
| Section 3.05 | Negotiability, Transfer and Registration.....                                               | 13 |
| Section 3.06 | Bond Mutilated, Destroyed, Stolen or Lost .....                                             | 14 |
| Section 3.07 | Bond not to be Indebtedness of the Issuer .....                                             | 14 |
| Section 3.08 | Bond Secured by Pledge of Net Revenues; Lien Position<br>With Respect to Parity Bonds ..... | 14 |
| Section 3.09 | Delivery of Bond.....                                                                       | 15 |
| Section 3.10 | Forms of Bond .....                                                                         | 15 |
|              | FORM OF BOND.....                                                                           | 16 |
| Section 3.11 | Sale of Bond; Approval and Ratification of Execution of<br>Bond Purchase Agreement.....     | 24 |
| Section 3.12 | Filing of Amended Schedule .....                                                            | 24 |

**ARTICLE IV  
[RESERVED]**

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

|              |                                                               |    |
|--------------|---------------------------------------------------------------|----|
| Section 5.01 | Establishment of Funds and Accounts with Depository Bank..... | 24 |
| Section 5.02 | Establishment of Funds and Accounts with Commission.....      | 24 |
| Section 5.03 | System Revenues; Flow of Funds.....                           | 25 |

**ARTICLE VI  
BOND PROCEEDS**

|              |                                                                           |    |
|--------------|---------------------------------------------------------------------------|----|
| Section 6.01 | Application of Bond Proceeds; Pledge of Unexpended<br>Bond Proceeds ..... | 28 |
| Section 6.02 | Disbursements From Construction Trust Fund.....                           | 29 |

**ARTICLE VII  
ADDITIONAL COVENANTS OF THE ISSUER**

|              |                                                                                                         |    |
|--------------|---------------------------------------------------------------------------------------------------------|----|
| Section 7.01 | General Covenants of the Issuer .....                                                                   | 30 |
| Section 7.02 | Bonds not to be Indebtedness of the Issuer.....                                                         | 30 |
| Section 7.03 | Bonds Secured by Pledge of Net Revenues; Lien Position<br>with respect to Parity Bonds .....            | 30 |
| Section 7.04 | Initial Schedule of Rates and Charges .....                                                             | 30 |
| Section 7.05 | Sale of the System.....                                                                                 | 31 |
| Section 7.06 | Issuance of Other Obligations Payable Out of Revenues and<br>General Covenant Against Encumbrances..... | 32 |
| Section 7.07 | Parity Bonds.....                                                                                       | 33 |
| Section 7.08 | Books; Records and Audit .....                                                                          | 34 |
| Section 7.09 | Rates.....                                                                                              | 36 |
| Section 7.10 | Operating Budget and Monthly Financial Report.....                                                      | 37 |
| Section 7.11 | Engineering Services and Operating Personnel .....                                                      | 37 |
| Section 7.12 | No Competing Franchise .....                                                                            | 38 |
| Section 7.13 | Enforcement of Collections .....                                                                        | 38 |
| Section 7.14 | No Free Services .....                                                                                  | 39 |
| Section 7.15 | Insurance and Construction Bonds .....                                                                  | 39 |
| Section 7.16 | Mandatory Connections .....                                                                             | 41 |
| Section 7.17 | Completion of Construction; Permits and Orders.....                                                     | 41 |
| Section 7.18 | Tax Covenants .....                                                                                     | 42 |
| Section 7.19 | Statutory Mortgage Lien .....                                                                           | 43 |
| Section 7.20 | Compliance with Bond Purchase Agreement and Law .....                                                   | 43 |
| Section 7.21 | Securities Laws Compliance.....                                                                         | 43 |
| Section 7.22 | Contracts; Public Releases .....                                                                        | 43 |

**ARTICLE VIII  
INVESTMENTS; USE OF PROCEEDS**

|              |                                                                             |    |
|--------------|-----------------------------------------------------------------------------|----|
| Section 8.01 | Investments .....                                                           | 44 |
| Section 8.02 | Certificate as to Use of Proceeds;<br>Covenants as to Use of Proceeds ..... | 44 |

**ARTICLE IX  
DEFAULT AND REMEDIES**

|              |                               |    |
|--------------|-------------------------------|----|
| Section 9.01 | Events of Default .....       | 45 |
| Section 9.02 | Remedies.....                 | 45 |
| Section 9.03 | Appointment of Receiver ..... | 46 |

**ARTICLE X  
PAYMENT OF BOND**

|               |                      |    |
|---------------|----------------------|----|
| Section 10.01 | Payment of Bond..... | 47 |
|---------------|----------------------|----|

**ARTICLE XI  
MISCELLANEOUS**

|               |                                                           |    |
|---------------|-----------------------------------------------------------|----|
| Section 11.01 | Amendment or Modification of Bond Legislation.....        | 47 |
| Section 11.02 | Bond Legislation Constitutes Contract .....               | 48 |
| Section 11.03 | Severability of Invalid Provisions.....                   | 48 |
| Section 11.04 | Headings, Etc .....                                       | 48 |
| Section 11.05 | Conflicting Provisions Repealed; Prior Ordinance.....     | 48 |
| Section 11.06 | Covenant of Due Procedure, Etc.....                       | 48 |
| Section 11.07 | Procedure on Enactment of Ordinance; Public Hearing ..... | 48 |
| Section 11.08 | Effective Date .....                                      | 49 |

|                     |     |
|---------------------|-----|
| SIGNATURES.....     | 50  |
| CERTIFICATION ..... | 50  |
| EXHIBIT A.....      | A-1 |

## CITY OF PRINCETON

ORDINANCE AUTHORIZING THE PAYMENT OF THE CITY'S SEWER BOND ANTICIPATION NOTE, SERIES 2008, THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF PRINCETON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$9,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2011 (WV CWSRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND; AND ENACTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PRINCETON:

### ARTICLE I

#### STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Princeton (the "Issuer") is a municipality, public corporation and political subdivision of the State of West Virginia in Mercer 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 constructed certain improvements and extensions to the existing public sewerage facilities of the Issuer. Those improvements will consist of: (a) First Street Pump Station improvements including 1) replace three existing wastewater pumps with three new VFD driven wastewater pumps, 2) provide automatic screening with screenings compactor, 3) provide automated grit removal system, and 4) upgrade electrical equipment and generator; and (b) Wastewater Treatment upgrade and expansion from an average daily design flow of 3.6 MGD to 4.9 MGD including 1) replace four existing wastewater pumps with four new VFD driven wastewater pumps, 2) provide a new Autothermal Aerobic Digestion sludge system to replace the existing anaerobic sludge digester, 3) add an additional 60-ft. diameter secondary clarifier, 4) provide two new 100-hp VFD driven blowers with automatic DO-driven controls, 5) replace existing chlorination/dechlorination system with UV disinfection system, 6) provide new combined sewer overflow clarifier with automatic flow diversion controls, 7) construct new sludge storage building, and 8) add related electrical work and miscellaneous improvements (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System").

C. The Issuer intends to permanently finance a portion of the costs of acquiring, constructing and equipping the Project through the issuance of its revenue bonds to be sold to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), pursuant to the SRF Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program (as hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond, Series 2011 (WV CWSRF Program), in an amount not to exceed \$9,100,000 (the "Series 2011 Bond"), initially to be represented by one (1) bond, to permanently finance a portion of the costs of acquiring, constructing and equipping of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefore; interest upon the Series 2011 Bond prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2011 Bond Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 Bond and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquiring, constructing and equipping the Project, and the performance of the things herein required or permitted, in connection

with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 Bond or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2011 Bond be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), approved hereby if not previously approved by Ordinance of the Issuer.

G. The Issuer currently has outstanding its Sewer Refunding Revenue Bonds, Series 1996, dated August 15, 1996, issued in the original principal amount of \$1,015,000, currently outstanding in the amount of \$100,000 (the "Prior Bonds"), which shall be on parity with the Series 2011 Bond. The Issuer also has outstanding its Sewer Bond Anticipation Note, Series 2008, in the original principal amount of \$500,000, that will be repaid with a portion of the proceeds of the Series 2011 Bond.

The Series 2011 Bond shall be issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements of the Prior Bonds and the Ordinance authorizing the Prior Bonds for issuance of the Series 2011 Bond and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2011 Bond, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System that will be on parity with the Series 2011 Bond.

H. The estimated revenues to be derived in each year following completion of the Project will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2011 Bond and the Prior Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and equipping of the Project, the operation of the System and the issuance of the Series 2011 Bond, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of

public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 Bond or such final order will not be subject to appeal or rehearing.

J. Pursuant to the Act, the Issuer has established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2011 Bond for the purposes described in this Ordinance.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 Bond by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, 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 Owner or Owners of such Series 2011 Bond, which shall be of equal rank and without preference, priority or distinction between any one bond of a series and any other bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 Bond, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

“Authorized Officer” means the Mayor of the Governing Body of the Issuer or any temporary Mayor duly selected by the Governing Body.

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

“Bond Legislation,” “Ordinance,” “Bond Ordinance” or “Local Act” means this Bond Ordinance and all orders and Ordinances 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 2011 Bond, the Prior Bonds, and any bonds on parity therewith subsequently authorized to be issued hereunder or by another Ordinance of the Issuer.

“Bond Purchase Agreement” means the bond purchase agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2011 Bond from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

“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.

“City Clerk” means the City Clerk of the Governing Body of the Issuer.

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

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

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

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

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

“Costs” or “Costs of the Project” means those costs described in Section 1.02D hereof to be a part of the cost of designing, acquiring, constructing and equipping the Project.

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

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

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

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

“Investment Property” means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

“Issuer” means City of Princeton, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Mercer 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 Revenues” means the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereinafter defined.

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

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

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

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

“Paying Agent” means the Commission or other entity designated as such for the Series 2011 Bond in the Supplemental Resolution with the written consent of the Authority and the DEP.

“Prior Ordinance” means the Ordinance of the Issuer enacted August 19, 1996, authorizing the Series 1996 Bonds or Prior Bonds.

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

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

(g) Repurchase agreements 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 therefore; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "Consolidated Fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended, including, without limitation, authorized pools of investments operated by such Investment Management Board; 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.

"Registrar" means the Bond Registrar.

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

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

“Reserve Accounts” means, collectively, the respective reserve accounts established for the Series 2011 Bond and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2011 Bond and the Prior Bonds.

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

“Sanitary Board” means the Sanitary Board of the Issuer, as such term is defined in the Prior Ordinance.

“Series 2008 Note” means the Sewer Bond Anticipation Note, Series 2008, of the Issuer, authorized by an Ordinance enacted on June 9, 2008.

“Series 2011 Bond” means the Sewer Revenue Bond, Series 2011 (WV CWSRF Program), of the Issuer, authorized by this Ordinance.

“Series 2011 Construction Trust Fund” means the Series 2011 Construction Trust Fund established by Section 5.01 hereof.

“Series 2011 Bond Reserve Account” means the Series 2011 Bond Reserve Account established by Section 5.02 hereof.

“Series 2011 Bond Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 Bond in the then current or any succeeding year.

“Series 2011 Bond Sinking Fund” means the Series 2011 Bond Sinking Fund established by Section 5.02 hereof.

“Sinking Funds” means, collectively, the respective sinking funds established for the Series 2011 Bond and the Prior Bonds.

“SRF Administrative Fee” means any administrative fee required to be paid under the Bond Purchase Agreement.

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

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

“State” means the State of West Virginia.

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

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2011 Bond and the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

“System” means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the City Clerk shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting City Clerk.

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project and Payment of the Series 2008 Note. There is hereby authorized and ordered the payment of the Series 2008 Note and the acquisition, construction and equipping of the Project, at an estimated cost of not to exceed \$9,100,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, approved by the DEP and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 Bond hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of acquisition and construction of the Project is estimated not to exceed \$11,600,000, which will be obtained from the proceeds of the Series 2011 Bond

and a grant from the U.S. Economic Development Administration in the amount of \$2,500,000. The cost of payment of the Series 2008 Note is estimated not to exceed \$470,000, a portion of which will be obtained from the proceeds of the Series 2011 Bond.

### ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of funding a reserve account for the Series 2011 Bond, paying costs of constructing the Project and paying certain costs of issuance of the Series 2011 Bond and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2011 Bond of the Issuer. The Series 2011 Bond shall be issued as one (1) bond, designated as "Sewer Revenue Bond, Series 2011 (WV CWSRF Program)," in an amount not to exceed \$9,100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 Bond remaining after funding the Series 2011 Bond Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2011 Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. The Series 2011 Bond shall be issued in such principal amount; shall bear interest at the rate of 0%, plus a 0.5% annual administrative fee, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2011 Bond shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2011 Bond 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 Series 2011 Bond shall be issued in the form of one (1) bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 Bond, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2011 Bond shall be exchangeable at the option and expense of the Registered Owner for other fully registered Bond or Bonds of the same series in an aggregate principal amount or amounts equal to the amount of said Series 2011 Bond then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment

of principal installments of said Series 2011 Bond; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.04. Authentication and Registration. No Series 2011 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.12 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2011 Bond shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case a bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new bond of the same series and of like tenor as the bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated bond, upon surrender and cancellation of such mutilated bond, or in lieu of and substitution for the bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. The bond 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. Bond not to be Indebtedness of the Issuer. The Series 2011 Bond 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, in the case of the Series 2011 Bond only, from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2011 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 Bond or the interest, if any, thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2011 Bond shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2011 Bond and to make all other payments

provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

C. An executed and certified copy of the Bond Legislation;

D. Executed copy of the Bond Purchase Agreement;  
and

E. The unqualified approving opinion of bond counsel on the Series 2011 Bond.

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

(FORM OF BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV CWSRF PROGRAM)

No. R-1

\$9,100,000

KNOW ALL MEN BY THESE PRESENTS: That CITY OF PRINCETON, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of NINE MILLION ONE HUNDRED THOUSAND DOLLARS (\$9,100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 201\_, 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) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 201\_, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of zero percent (0%) per annum, plus a 0.5% annual administrative fee, beginning February 11, 2011. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated February 11, 2011.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to repay the principal of and interest on the Issuer's Sewer Bond Anticipation Note, Series 2008; and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer,

the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 February 1, 2011, and a Supplemental Resolution duly adopted by the Issuer on February 1, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S \$1,015,000 SEWER REFUNDING REVENUE BONDS, SERIES 1996 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2011 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2011 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2011 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 constructing the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the Bond Legislation, Ordinances 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, CITY OF PRINCETON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated February 11, 2011.

[SEAL]

---

Mayor

ATTEST:

---

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: February 11, 2011.

First Community Bank, N.A., as Registrar

By: \_\_\_\_\_  
Vice President

(Form of)

EXHIBIT A

RECORD OF ADVANCES

| <u>AMOUNT</u>    | <u>DATE</u>    | <u>AMOUNT</u> | <u>DATE</u> |
|------------------|----------------|---------------|-------------|
| (1) \$539,133.38 | <u>2/11/11</u> | (6) \$        |             |
| (2) \$           |                | (7) \$        |             |
| (3) \$           |                | (8) \$        |             |
| (4) \$           |                | (9) \$        |             |
| (5) \$           |                | (10) \$       |             |

TOTAL \$

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

BOND REGISTER

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV CWSRF PROGRAM)

| <u>Bond Number</u> | <u>Principal Amount</u> | <u>Date of Bond</u> |
|--------------------|-------------------------|---------------------|
| No. R-1            | \$9,100,000             | February 11, 2011   |

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

First Community Bank, N.A.

By: \_\_\_\_\_  
Vice President

Section 3.11. Sale of Bond; Approval and Ratification of Execution of Bond Purchase Agreement. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, is hereby approved. The Series 2011 Bond shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous Ordinance, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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, the form of which will be provided by the DEP, setting forth the actual costs of construction of the Project and sources of funds therefore.

#### ARTICLE IV

[RESERVED]

#### ARTICLE V

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

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

- (1) Revenue Fund (established by the Prior Ordinance);
- (2) Renewal and Replacement Fund (established by the Prior Ordinance); and
- (3) Series 2011 Construction Trust Fund.

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

- (1) Series 2011 Bond Sinking Fund; and
- (2) Series 2011 Bond Reserve Account.

Section 5.03.      System Revenues; Flow of Funds.    A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this 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 herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1)    The Issuer shall first each month pay from the Revenue Fund the amount necessary and sufficient to pay current Operating Expenses.

(2)    The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent the amounts required by the Prior Ordinance to pay interest on the Prior Bonds.

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

(4)    The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts: (i) to make reserve fund payments on the Prior Bonds required by the Prior Ordinance; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2011 Bond, if not fully funded upon issuance of the Series 2011 Bond, remit to the Commission for deposit in the Series 2011 Bond Reserve Account, an amount equal to 1/120th of the Series 2011 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2011 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 Bond Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the 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, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 2011 Bond Sinking Fund and the Series 2011 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2011 Bond, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2011 Bond Reserve Account which result in a reduction in the balance therein below the Series 2011 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional bonds ranking on a parity with the Series 2011 Bond are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefore.

The Issuer shall not be required to make any further payments into the Series 2011 Bond Sinking Fund or the Series 2011 Bond Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 Bond issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on parity and pro rata, with respect to the Prior Bonds and the Series 2011 Bond, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 Bond Sinking Fund and the Series 2011 Bond Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2011 Bond Sinking Fund and the Series 2011 Bond Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2011 Bond 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 deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

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

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

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

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

H. All remittances made by the Issuer to the Commission 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.

## ARTICLE VI

### BOND PROCEEDS

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

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

B. From the proceeds of the Series 2011 Bond, there shall be deposited with the Commission the amount necessary to repay the principal of and interest on the Series 2008 Note.

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

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2011 Bond shall be used to fund the Series 2011 Bond Reserve Account, if not funded upon issuance of the Series 2011 Bond, in an amount not to exceed the Series 2011 Bond Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2011 Bond be deposited in the Series 2011 Bond Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2011 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 Bond Purchase Agreement as Exhibit C in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2011 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 the Holder of the Series 2011 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holder of the Series 2011 Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 Bond or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bond not to be Indebtedness of the Issuer. The Series 2011 Bond 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 2011 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 Bond or the interest, if any, thereon.

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

Section 7.04. Initial Schedule of 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 provide an opinion of counsel to the Issuer to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement, and the

Issuer shall provide a certificate of a 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 tariff on file with the Public Service Commission of West Virginia and approved by the Issuer on May 29, 2008.

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

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

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefore, 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 Ordinance, 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 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 Ordinance duly enacted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, 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 in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System that rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 Bond. All obligations issued by the Issuer after the issuance of the Series 2011 Bond that are payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2011 Bond; 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 2011 Bond, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2011 Bond and the interest thereon, if any, 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, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. Additionally, no parity bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 Bond pursuant to this Bond Legislation, except with the prior written consent of DEP and the Authority under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All parity bonds issued hereunder shall be on parity in all respects with the Series 2011 Bond.

No such parity bonds shall be issued except for the purpose of financing the costs of the design, acquisition, or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

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

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

The “estimated average increased annual Net Revenues to be received in each of the 3 succeeding years,” as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such parity bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such parity bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the City Clerk prior to the issuance of such parity bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such parity bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holder of the Series 2011 Bond and the Prior Bonds and the Holder of any parity bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on 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 Bond Legislation required for and on account of such parity bonds, in addition to the payments required for bonds theretofore issued pursuant to this Bond Legislation.

Parity bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2011 Bond on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 Bond.

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

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchasers of the Series 2011 Bond, and shall mail in each year to any Holder or Holders of the Series 2011 Bond, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and, to the extent legally required, in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to the Holder of the Series 2011 Bond, and shall

submit said report to the Authority and the DEP, or any other original purchasers of the Series 2011 Bond. Such audit report submitted to the Authority and the DEP 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 revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the DEP and the Authority, 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 DEP and the Authority, 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 DEP and the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2011 Bond, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bond, including the Parity

Bonds; provided that in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2011 Bond Reserve Account and any reserve accounts for obligations on a parity with the Series 2011 Bond, including the Parity Bonds, are funded at least at the requirement therefore, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 Bond, including the parity bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and enact by Ordinance 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 therefore in such budget without a written finding and recommendation by a professional engineer which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a Ordinance duly enacted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all Ordinances authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all Ordinances authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the DEP and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP and the Authority 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 DEP and the Authority covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement, 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 Regulation, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

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

The Issuer shall serve the additional customers at the location(s) as set forth in the 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 Authority. Following completion of the Project, the Issuer shall certify to the Authority the number of customers added to the System.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent

permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15.      Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2011 Bond remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The

proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for repairs and restoration of the damaged or destroyed properties, or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, if any, 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 System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract

as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

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

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

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

Section 7.17. Completion of Construction; Permits and Orders. The Issuer will cause the Project to be constructed as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the construction of the Project and operation of the System and shall provide a certificate of the Consulting Engineer to such effect, all orders and approvals from the Public

Service Commission of West Virginia and the Council necessary for the construction of the Project and the operation of the System and all approvals for issuance of the Series 2011 Bond required by state law, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to the Issuer to such effect.

Section 7.18.      Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A.    PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2011 Bond are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due, on the Series 2011 Bond during the term thereof is, under the terms of the Series 2011 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2011 Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2011 Bond during the term thereof is, under the terms of the Series 2011 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2011 Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2011 Bond are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B.    PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2011 Bond are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to person other than state or local government units.

C.    FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2011 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D.    INFORMATION RETURN. If required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2011 Bond and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2011 Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2011 Bond, and shall be on a parity, as to the Series 2011 Bond with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2011 Bond or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program

document distributed in conjunction with any ground breaking or dedication of the Project.

## ARTICLE VIII

### INVESTMENTS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond 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 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2011 Bond from gross income for federal income tax purposes.

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

shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 Bond that would cause any bonds or notes, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or DEP, as the case may be, from which the proceeds of the Series 2011 Bond 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 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 Ordinance.

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

## ARTICLE IX

### DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal on the Series 2011 Bond; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 Bond set forth in this Bond Legislation, any Supplemental Resolution or in the Series 2011 Bond, 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, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02.     Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by

mandamus or other appropriate proceeding enforce all rights of such Registered Owner 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 Owner 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 Owner; provided that, all rights and remedies of the Holders of the Series 2011 Bond shall be on parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owner of the Bond. 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 Owner 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 BOND

Section 10.01. Payment of Bond. If the Issuer shall pay, or there shall otherwise be paid, to the Holder of the Series 2011 Bond, 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, the pledge of future grant proceeds and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2011 Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 Bond, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 Bond, no material modification or amendment of this Ordinance, or of any Ordinance amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owner of the Series 2011 Bond shall be made without the consent in writing of the Registered Owner of the Series 2011 Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2011 Bond or the rates of interest, if any, thereon, or in the principal amounts thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefore without the consent of the Registered Owner thereof. No amendment or modification shall be made that would

reduce the percentage of the principal amounts of the Series 2011 Bond, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholders as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2011 Bond from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owner of the Series 2011 Bond, 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 court of competent jurisdiction should hold any section, paragraph, clause or provision of this Ordinance invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2011 Bond.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinance. All orders or Ordinances, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Princeton Times* and *Bluefield Daily Telegraph*, newspapers published and having a general circulation in the City of

Princeton, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2011 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 1<sup>st</sup> day of February, 2011, at 12:00 p.m., in the Council Chambers of the Princeton City Hall at 100 Courthouse Road and present protests, and that a copy of this Ordinance is on file with the City Clerk for review by interested parties during the office hours of the City Clerk. At such hearing, all protests and suggestions shall be heard by the Council, and it shall then take such action as it shall deem proper in the premises.

Section 11.08.    Effective Date.    This Ordinance shall take effect immediately upon enactment.

Enacted this 1<sup>st</sup> day of February, 2011.

CITY OF PRINCETON

By:

Dey W. Russell  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the City Council of  
the CITY OF PRINCETON on the 1<sup>st</sup> day of February, 2011.

Dated: February 1, 2011

[SEAL]

Hennrich E. Clay  
City Clerk

EXHIBIT A

Bond Purchase Agreement included in bond transcript at Tab 3.

CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF PRINCETON, SEWER REVENUE BOND, SERIES 2011 (WV SRF PROGRAM); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2011 BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the City Council (the “Governing Body”) of the City of Princeton (the “Issuer”) has duly and officially enacted a Bond Ordinance on February 1, 2011 (the “Ordinance”), entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE CITY’S SEWER BOND ANTICIPATION NOTE, SERIES 2008, THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF PRINCETON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$9,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2011 (WV CWSRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND; AND ENACTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Sewer Revenue Bond, Series 2011 (WV SRF Program), of the Issuer, in an aggregate principal amount not to exceed \$9,100,000 (the “Bond”), all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the “Act”); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bond should be established by a supplemental resolution, and that other matters relating to the Bond be therein provided for;

WHEREAS, the Bond is proposed to be purchased by the West Virginia Water Development Authority, for the benefit of the West Virginia Department of Environmental Protection (the "Authority") pursuant to its commitment letter;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

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

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

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

Sewer Revenue Bond, Series 2011 (WV SRF Program), of the Issuer, originally represented by a single bond, numbered R-1, in the original principal amount of \$9,100,000. The Series 2011 Bond shall be dated the date of delivery, shall finally mature December 1, 2042, and shall bear interest at the rate of 0% per annum, plus an administrative fee of .5% per annum. The principal of and interest on the Series 2011 Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, in the amounts set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2011 Bond. The Series 2011 Bond shall be subject to redemption upon the written consent of the Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Agreement, so long as the Authority shall be the Registered Owner of the Series 2011 Bond.

Section 2. All other provisions relating to the Series 2011 Bond and the text of the Series 2011 Bond shall be in substantially the form provided in the Ordinance.

Section 3. The Issuer hereby ratifies, approves and accepts the Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference and the form of which is attached hereto and incorporated herein as Exhibit A, and the execution and delivery of the Agreement by the Mayor and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Agreement and in the applications to DEP and the Authority.

The price of the Series 2011 Bond shall be 100% of par value, bearing interest at the rate of zero percent (0%) per annum, plus an administrative fee of one half of one percent (.5%) per annum, provided that the proceeds of the Series 2011 Bond shall be advanced from time to time as

requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates First Community Bank, N.A., Bluefield, West Virginia, to serve as Registrar (the “Registrar”) for the Series 2011 Bond under the Ordinance and approves and accepts the Registrar’s Agreement to be dated the date of delivery of the Series 2011 Bond, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar’s Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the “Commission”), to serve as Paying Agent for the Series 2011 Bond under the Ordinance.

Section 6. The Issuer hereby appoints and designates First Community Bank, N.A. to serve as Depository Bank for the Revenue Fund, the Renewal and Replacement Fund and the Series 2011 Construction Trust Fund.

Section 7. An amount of \$468,693.87 shall be deposited on the closing date with the Municipal Bond Commission to pay in full the Series 2008 Note.

Section 8. The proceeds of the Series 2011 Bond, as advanced from time to time, shall be deposited in or credited to the Series 2011 Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2011 Bond.

Section 9. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2011 Bond hereby and by the Ordinance approved and provided for, to the end that the Series 2011 Bond may be delivered to the Authority pursuant to the Bond Purchase Agreement on March 3, 2011.

Section 10. The acquisition and construction of the Project, the payment of the Series 2008 Note and the financing thereof in part with proceeds of the Series 2011 Bond are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

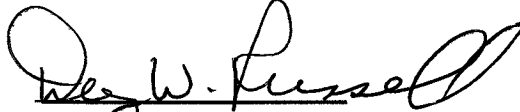
Section 11. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts for the Series 2011 Bond shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 12. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Mayor is hereby authorized and directed to execute and deliver all such contracts.

Section 13. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

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

Adopted this 14<sup>th</sup> day of February, 2011.

  
Mayor

  
City Clerk

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the City Council of the City of Princeton on the 14<sup>th</sup> day of February, 2011.

Dated this 14<sup>th</sup> day of February, 2011.

[SEAL]

  
City Clerk

SRF-BPA-1  
(01/11)

BOND PURCHASE AGREEMENT

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

CITY OF PRINCETON (2008S-1013/C-544281-01)  
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

1.7 “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.

1.8 “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.

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

1.10 “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.

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

## ARTICLE II

### The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local

Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their

interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Local Government shall require the Consulting Engineers to submit the final 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 Bond Purchase 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 the DEP and the Authority.

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

### ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase 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 financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other

local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits

or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required

for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

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

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

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

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

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

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit

F and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

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

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for 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 Local Bonds shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Local Government

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

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

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or

desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

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

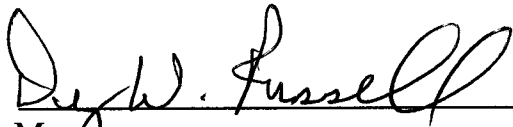
(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being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

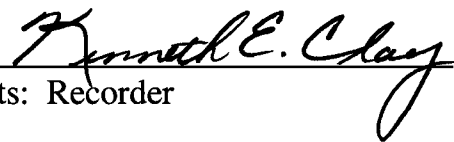
IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

CITY OF PRINCETON

(SEAL)

Attest:

By:   
Its: Mayor  
Date: March 3, 2011

  
Its: Recorder

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

By:   
Its: Director  
Date: March 3, 2011

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

Attest:

By:   
Its: Executive Director  
Date: March 3, 2011

  
Its: Authorized Officer

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<br>Authority                 | _____                    | _____                             | _____                              | _____                                                               |
| Rural Utilities Service                        | _____                    | _____                             | _____                              | _____                                                               |
| Economic Development                           | _____                    | _____                             | _____                              | _____                                                               |
| Administration                                 | _____                    | _____                             | _____                              | _____                                                               |
| Other (Identify)                               | _____                    | _____                             | _____                              | _____                                                               |
| _____                                          | _____                    | _____                             | _____                              | _____                                                               |
| _____                                          | _____                    | _____                             | _____                              | _____                                                               |
| 4. Renewal and<br>Replacement<br>Fund Deposits | _____                    | _____                             | _____                              | _____                                                               |

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

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and  
in accordance with the applicable and governing contractual requirements relating to the  
Project, the Project will be constructed in general accordance with the approved plans,  
specifications and designs prepared by my firm and approved by the DEP and any change  
orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the  
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 attached hereto as Exhibit A, and my firm<sup>1</sup> has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof<sup>2</sup>, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

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

[SEAL]

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

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

## EXHIBIT E

### SPECIAL CONDITIONS

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

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

D. **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.

E. **CLOSING REQUIREMENTS** – The Local Government shall provide an acceptable CPA Certification regarding meeting the coverage requirement and a final NPDES Permit modification.

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

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

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

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$9,100,000  
Purchase Price of Local Bonds \$9,100,000

The Local Bonds shall bear no interest. Commencing March 1, 2013, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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: City of Princeton Sewer Refunding Revenue Bonds, Series 1996, dated August 15, 1996, issued in the original principal amount of \$1,015,000, currently outstanding in the amount of \$100,000.

Number of New Customers: 0  
Location: N/A

---

**SCHEDULE Y - DEBT SERVICE SCHEDULE**

City of Princeton

CWSRF

0% Interest Rate, 0.5% Administrative Fee

30 years

Dated Date 3/3/2011

Delivery Date 3/3/2011

| Period Ending | Principal | Interest | Debt Service |
|---------------|-----------|----------|--------------|
| 3/1/2013      | 75,834    |          | 75,834       |
| 6/1/2013      | 75,834    |          | 75,834       |
| 9/1/2013      | 75,834    |          | 75,834       |
| 12/1/2013     | 75,834    |          | 75,834       |
| 3/1/2014      | 75,834    |          | 75,834       |
| 6/1/2014      | 75,834    |          | 75,834       |
| 9/1/2014      | 75,834    |          | 75,834       |
| 12/1/2014     | 75,834    |          | 75,834       |
| 3/1/2015      | 75,834    |          | 75,834       |
| 6/1/2015      | 75,834    |          | 75,834       |
| 9/1/2015      | 75,834    |          | 75,834       |
| 12/1/2015     | 75,834    |          | 75,834       |
| 3/1/2016      | 75,834    |          | 75,834       |
| 6/1/2016      | 75,834    |          | 75,834       |
| 9/1/2016      | 75,834    |          | 75,834       |
| 12/1/2016     | 75,834    |          | 75,834       |
| 3/1/2017      | 75,834    |          | 75,834       |
| 6/1/2017      | 75,834    |          | 75,834       |
| 9/1/2017      | 75,834    |          | 75,834       |
| 12/1/2017     | 75,834    |          | 75,834       |
| 3/1/2018      | 75,834    |          | 75,834       |
| 6/1/2018      | 75,834    |          | 75,834       |
| 9/1/2018      | 75,834    |          | 75,834       |
| 12/1/2018     | 75,834    |          | 75,834       |
| 3/1/2019      | 75,834    |          | 75,834       |
| 6/1/2019      | 75,834    |          | 75,834       |
| 9/1/2019      | 75,834    |          | 75,834       |
| 12/1/2019     | 75,834    |          | 75,834       |
| 3/1/2020      | 75,834    |          | 75,834       |
| 6/1/2020      | 75,834    |          | 75,834       |
| 9/1/2020      | 75,834    |          | 75,834       |
| 12/1/2020     | 75,834    |          | 75,834       |
| 3/1/2021      | 75,834    |          | 75,834       |
| 6/1/2021      | 75,834    |          | 75,834       |
| 9/1/2021      | 75,834    |          | 75,834       |
| 12/1/2021     | 75,834    |          | 75,834       |
| 3/1/2022      | 75,834    |          | 75,834       |
| 6/1/2022      | 75,834    |          | 75,834       |
| 9/1/2022      | 75,834    |          | 75,834       |
| 12/1/2022     | 75,833    |          | 75,833       |
| 3/1/2023      | 75,833    |          | 75,833       |
| 6/1/2023      | 75,833    |          | 75,833       |
| 9/1/2023      | 75,833    |          | 75,833       |
| 12/1/2023     | 75,833    |          | 75,833       |

**BOND DEBT SERVICE**  
City of Princeton  
CWSRF

| <b>Period Ending</b> | <b>Principal</b> | <b>Interest</b> | <b>Debt Service</b> |
|----------------------|------------------|-----------------|---------------------|
| 3/1/2024             | 75,833           |                 | 75,833              |
| 6/1/2024             | 75,833           |                 | 75,833              |
| 9/1/2024             | 75,833           |                 | 75,833              |
| 12/1/2024            | 75,833           |                 | 75,833              |
| 3/1/2025             | 75,833           |                 | 75,833              |
| 6/1/2025             | 75,833           |                 | 75,833              |
| 9/1/2025             | 75,833           |                 | 75,833              |
| 12/1/2025            | 75,833           |                 | 75,833              |
| 3/1/2026             | 75,833           |                 | 75,833              |
| 6/1/2026             | 75,833           |                 | 75,833              |
| 9/1/2026             | 75,833           |                 | 75,833              |
| 12/1/2026            | 75,833           |                 | 75,833              |
| 3/1/2027             | 75,833           |                 | 75,833              |
| 6/1/2027             | 75,833           |                 | 75,833              |
| 9/1/2027             | 75,833           |                 | 75,833              |
| 12/1/2027            | 75,833           |                 | 75,833              |
| 3/1/2028             | 75,833           |                 | 75,833              |
| 6/1/2028             | 75,833           |                 | 75,833              |
| 9/1/2028             | 75,833           |                 | 75,833              |
| 12/1/2028            | 75,833           |                 | 75,833              |
| 3/1/2029             | 75,833           |                 | 75,833              |
| 6/1/2029             | 75,833           |                 | 75,833              |
| 9/1/2029             | 75,833           |                 | 75,833              |
| 12/1/2029            | 75,833           |                 | 75,833              |
| 3/1/2030             | 75,833           |                 | 75,833              |
| 6/1/2030             | 75,833           |                 | 75,833              |
| 9/1/2030             | 75,833           |                 | 75,833              |
| 12/1/2030            | 75,833           |                 | 75,833              |
| 3/1/2031             | 75,833           |                 | 75,833              |
| 6/1/2031             | 75,833           |                 | 75,833              |
| 9/1/2031             | 75,833           |                 | 75,833              |
| 12/1/2031            | 75,833           |                 | 75,833              |
| 3/1/2032             | 75,833           |                 | 75,833              |
| 6/1/2032             | 75,833           |                 | 75,833              |
| 9/1/2032             | 75,833           |                 | 75,833              |
| 12/1/2032            | 75,833           |                 | 75,833              |
| 3/1/2033             | 75,833           |                 | 75,833              |
| 6/1/2033             | 75,833           |                 | 75,833              |
| 9/1/2033             | 75,833           |                 | 75,833              |
| 12/1/2033            | 75,833           |                 | 75,833              |
| 3/1/2034             | 75,833           |                 | 75,833              |
| 6/1/2034             | 75,833           |                 | 75,833              |
| 9/1/2034             | 75,833           |                 | 75,833              |
| 12/1/2034            | 75,833           |                 | 75,833              |
| 3/1/2035             | 75,833           |                 | 75,833              |
| 6/1/2035             | 75,833           |                 | 75,833              |

**BOND DEBT SERVICE**  
City of Princeton  
CWSRF

| <b>Period Ending</b> | <b>Principal</b> | <b>Interest</b> | <b>Debt Service</b> |
|----------------------|------------------|-----------------|---------------------|
| 9/1/2035             | 75,833           |                 | 75,833              |
| 12/1/2035            | 75,833           |                 | 75,833              |
| 3/1/2036             | 75,833           |                 | 75,833              |
| 6/1/2036             | 75,833           |                 | 75,833              |
| 9/1/2036             | 75,833           |                 | 75,833              |
| 12/1/2036            | 75,833           |                 | 75,833              |
| 3/1/2037             | 75,833           |                 | 75,833              |
| 6/1/2037             | 75,833           |                 | 75,833              |
| 9/1/2037             | 75,833           |                 | 75,833              |
| 12/1/2037            | 75,833           |                 | 75,833              |
| 3/1/2038             | 75,833           |                 | 75,833              |
| 6/1/2038             | 75,833           |                 | 75,833              |
| 9/1/2038             | 75,833           |                 | 75,833              |
| 12/1/2038            | 75,833           |                 | 75,833              |
| 3/1/2039             | 75,833           |                 | 75,833              |
| 6/1/2039             | 75,833           |                 | 75,833              |
| 9/1/2039             | 75,833           |                 | 75,833              |
| 12/1/2039            | 75,833           |                 | 75,833              |
| 3/1/2040             | 75,833           |                 | 75,833              |
| 6/1/2040             | 75,833           |                 | 75,833              |
| 9/1/2040             | 75,833           |                 | 75,833              |
| 12/1/2040            | 75,833           |                 | 75,833              |
| 3/1/2041             | 75,833           |                 | 75,833              |
| 6/1/2041             | 75,833           |                 | 75,833              |
| 9/1/2041             | 75,833           |                 | 75,833              |
| 12/1/2041            | 75,833           |                 | 75,833              |
| 3/1/2042             | 75,833           |                 | 75,833              |
| 6/1/2042             | 75,833           |                 | 75,833              |
| 9/1/2042             | 75,833           |                 | 75,833              |
| 12/1/2042            | 75,834           |                 | 75,834              |
| <b>9,100,000</b>     | <b>*</b>         |                 | <b>9,100,000</b>    |

\*Plus a quarterly administrative fee of \$5,735.90 for a total Administrative expense  
of \$688,308

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV CWSRF PROGRAM)

**COPY**

No. R-1

\$9,100,000

KNOW ALL MEN BY THESE PRESENTS: That CITY OF PRINCETON, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of NINE MILLION ONE HUNDRED THOUSAND DOLLARS (\$9,100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, 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) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of zero percent (0%) per annum, plus a 0.5% annual administrative fee, beginning March 3, 2011. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated March 3, 2011.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to repay the principal of and interest on the Issuer's Sewer Bond Anticipation Note, Series 2008; and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the

State of West Virginia, including particularly Chapter 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 February 1, 2011, and a Supplemental Resolution duly adopted by the Issuer on February 14, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S \$1,015,000 SEWER REFUNDING REVENUE BONDS, SERIES 1996 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2011 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2011 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2011 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 constructing the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the Bond Legislation, Ordinances 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, CITY OF PRINCETON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated March 3, 2011.

[SEAL]

  
Mayor

ATTEST:

  
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: March 3, 2011.

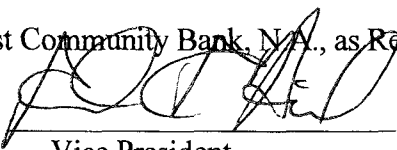
First Community Bank, N.A., as Registrar  
By:   
Vice President

EXHIBIT A  
RECORD OF ADVANCES

| <u>AMOUNT</u>    | <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> |
|------------------|-------------|---------------|-------------|
| (1) \$542,508.00 | 3/3/11      | (6) \$        |             |
| (2) \$           |             | (7) \$        |             |
| (3) \$           |             | (8) \$        |             |
| (4) \$           |             | (9) \$        |             |
| (5) \$           |             | (10) \$       |             |

TOTAL \$

EXHIBIT B

DEBT SERVICE SCHEDULE

---

---

**BOND DEBT SERVICE**

City of Princeton

CWSRF

0% Interest Rate, 0/5% Administrative Fee

Dated Date 03/03/11

Delivery Date 03/03/11

| <b>Period Ending</b> | <b>Principal</b> | <b>Interest</b> | <b>Debt Service</b> |
|----------------------|------------------|-----------------|---------------------|
| 03/01/13             | 75,834           |                 | 75,834              |
| 06/01/13             | 75,834           |                 | 75,834              |
| 09/01/13             | 75,834           |                 | 75,834              |
| 12/01/13             | 75,834           |                 | 75,834              |
| 03/01/14             | 75,834           |                 | 75,834              |
| 06/01/14             | 75,834           |                 | 75,834              |
| 09/01/14             | 75,834           |                 | 75,834              |
| 12/01/14             | 75,834           |                 | 75,834              |
| 03/01/15             | 75,834           |                 | 75,834              |
| 06/01/15             | 75,834           |                 | 75,834              |
| 09/01/15             | 75,834           |                 | 75,834              |
| 12/01/15             | 75,834           |                 | 75,834              |
| 03/01/16             | 75,834           |                 | 75,834              |
| 06/01/16             | 75,834           |                 | 75,834              |
| 09/01/16             | 75,834           |                 | 75,834              |
| 12/01/16             | 75,834           |                 | 75,834              |
| 03/01/17             | 75,834           |                 | 75,834              |
| 06/01/17             | 75,834           |                 | 75,834              |
| 09/01/17             | 75,834           |                 | 75,834              |
| 12/01/17             | 75,834           |                 | 75,834              |
| 03/01/18             | 75,834           |                 | 75,834              |
| 06/01/18             | 75,834           |                 | 75,834              |
| 09/01/18             | 75,834           |                 | 75,834              |
| 12/01/18             | 75,834           |                 | 75,834              |
| 03/01/19             | 75,834           |                 | 75,834              |
| 06/01/19             | 75,834           |                 | 75,834              |
| 09/01/19             | 75,834           |                 | 75,834              |
| 12/01/19             | 75,834           |                 | 75,834              |
| 03/01/20             | 75,834           |                 | 75,834              |
| 06/01/20             | 75,834           |                 | 75,834              |
| 09/01/20             | 75,834           |                 | 75,834              |
| 12/01/20             | 75,834           |                 | 75,834              |
| 03/01/21             | 75,834           |                 | 75,834              |
| 06/01/21             | 75,834           |                 | 75,834              |
| 09/01/21             | 75,834           |                 | 75,834              |
| 12/01/21             | 75,834           |                 | 75,834              |
| 03/01/22             | 75,834           |                 | 75,834              |
| 06/01/22             | 75,834           |                 | 75,834              |
| 09/01/22             | 75,834           |                 | 75,834              |
| 12/01/22             | 75,833           |                 | 75,833              |
| 03/01/23             | 75,833           |                 | 75,833              |
| 06/01/23             | 75,833           |                 | 75,833              |
| 09/01/23             | 75,833           |                 | 75,833              |
| 12/01/23             | 75,833           |                 | 75,833              |

---

**BOND DEBT SERVICE**  
City of Princeton  
CWSRF  
0% Interest Rate, 0/5% Administrative Fee

| Period Ending | Principal | Interest | Debt Service |
|---------------|-----------|----------|--------------|
| 03/01/24      | 75,833    |          | 75,833       |
| 06/01/24      | 75,833    |          | 75,833       |
| 09/01/24      | 75,833    |          | 75,833       |
| 12/01/24      | 75,833    |          | 75,833       |
| 03/01/25      | 75,833    |          | 75,833       |
| 06/01/25      | 75,833    |          | 75,833       |
| 09/01/25      | 75,833    |          | 75,833       |
| 12/01/25      | 75,833    |          | 75,833       |
| 03/01/26      | 75,833    |          | 75,833       |
| 06/01/26      | 75,833    |          | 75,833       |
| 09/01/26      | 75,833    |          | 75,833       |
| 12/01/26      | 75,833    |          | 75,833       |
| 03/01/27      | 75,833    |          | 75,833       |
| 06/01/27      | 75,833    |          | 75,833       |
| 09/01/27      | 75,833    |          | 75,833       |
| 12/01/27      | 75,833    |          | 75,833       |
| 03/01/28      | 75,833    |          | 75,833       |
| 06/01/28      | 75,833    |          | 75,833       |
| 09/01/28      | 75,833    |          | 75,833       |
| 12/01/28      | 75,833    |          | 75,833       |
| 03/01/29      | 75,833    |          | 75,833       |
| 06/01/29      | 75,833    |          | 75,833       |
| 09/01/29      | 75,833    |          | 75,833       |
| 12/01/29      | 75,833    |          | 75,833       |
| 03/01/30      | 75,833    |          | 75,833       |
| 06/01/30      | 75,833    |          | 75,833       |
| 09/01/30      | 75,833    |          | 75,833       |
| 12/01/30      | 75,833    |          | 75,833       |
| 03/01/31      | 75,833    |          | 75,833       |
| 06/01/31      | 75,833    |          | 75,833       |
| 09/01/31      | 75,833    |          | 75,833       |
| 12/01/31      | 75,833    |          | 75,833       |
| 03/01/32      | 75,833    |          | 75,833       |
| 06/01/32      | 75,833    |          | 75,833       |
| 09/01/32      | 75,833    |          | 75,833       |
| 12/01/32      | 75,833    |          | 75,833       |
| 03/01/33      | 75,833    |          | 75,833       |
| 06/01/33      | 75,833    |          | 75,833       |
| 09/01/33      | 75,833    |          | 75,833       |
| 12/01/33      | 75,833    |          | 75,833       |
| 03/01/34      | 75,833    |          | 75,833       |
| 06/01/34      | 75,833    |          | 75,833       |
| 09/01/34      | 75,833    |          | 75,833       |
| 12/01/34      | 75,833    |          | 75,833       |
| 03/01/35      | 75,833    |          | 75,833       |
| 06/01/35      | 75,833    |          | 75,833       |
| 09/01/35      | 75,833    |          | 75,833       |
| 12/01/35      | 75,833    |          | 75,833       |

**BOND DEBT SERVICE**  
City of Princeton  
CWSRF  
0% Interest Rate, 0/5% Administrative Fee

| Period Ending | Principal        | Interest | Debt Service     |
|---------------|------------------|----------|------------------|
| 03/01/36      | 75,833           |          | 75,833           |
| 06/01/36      | 75,833           |          | 75,833           |
| 09/01/36      | 75,833           |          | 75,833           |
| 12/01/36      | 75,833           |          | 75,833           |
| 03/01/37      | 75,833           |          | 75,833           |
| 06/01/37      | 75,833           |          | 75,833           |
| 09/01/37      | 75,833           |          | 75,833           |
| 12/01/37      | 75,833           |          | 75,833           |
| 03/01/38      | 75,833           |          | 75,833           |
| 06/01/38      | 75,833           |          | 75,833           |
| 09/01/38      | 75,833           |          | 75,833           |
| 12/01/38      | 75,833           |          | 75,833           |
| 03/01/39      | 75,833           |          | 75,833           |
| 06/01/39      | 75,833           |          | 75,833           |
| 09/01/39      | 75,833           |          | 75,833           |
| 12/01/39      | 75,833           |          | 75,833           |
| 03/01/40      | 75,833           |          | 75,833           |
| 06/01/40      | 75,833           |          | 75,833           |
| 09/01/40      | 75,833           |          | 75,833           |
| 12/01/40      | 75,833           |          | 75,833           |
| 03/01/41      | 75,833           |          | 75,833           |
| 06/01/41      | 75,833           |          | 75,833           |
| 09/01/41      | 75,833           |          | 75,833           |
| 12/01/41      | 75,833           |          | 75,833           |
| 03/01/42      | 75,833           |          | 75,833           |
| 06/01/42      | 75,833           |          | 75,833           |
| 09/01/42      | 75,833           |          | 75,833           |
| 12/01/42      | 75,834           |          | 75,834           |
|               | <b>9,100,000</b> | <b>*</b> | <b>9,100,000</b> |

\*Plus a quarterly administrative fee of \$5,735.90 for a total Administrative expense  
of \$688,308

(Form of)

ASSIGNMENT

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

BOND REGISTER

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV CWSRF PROGRAM)

| <u>Bond Number</u> | <u>Principal Amount</u> | <u>Date of Bond</u> |
|--------------------|-------------------------|---------------------|
| No. R-1            | \$9,100,000             | March 3, 2011       |

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

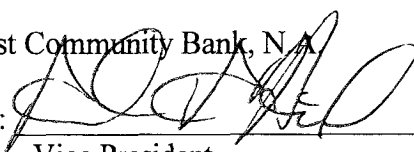
Name of Registered Owner:

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

Signature of Registrar:

First Community Bank, N.A.

By:

  
Vice President

LAW OFFICES

**GOODWIN & GOODWIN, LLP**

300 SUMMERS STREET, SUITE 1500  
CHARLESTON, WEST VIRGINIA 25301-1678

P O Box 2107  
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000  
TELECOPIER (304) 344-9692

[www.goodwingoodwin.com](http://www.goodwingoodwin.com)

March 3, 2011

201 THIRD STREET  
PARKERSBURG, WEST VIRGINIA 26101  
(304) 485-2345

PO. Box 349  
500 CHURCH STREET  
RIPLEY, WEST VIRGINIA 25271  
(304) 372-2651

City of Princeton  
Princeton, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: City of Princeton, Sewer Revenue Bond  
Series 2011 (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the City of Princeton (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2011 (West Virginia SRF Program) (the "Series 2011 Bond"), dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) the Bond Purchase Agreement for the Series 2011 Bond, dated March 3, 2011, including all schedules and exhibits attached thereto (the "Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") and (ii) the Series 2011 Bond to be purchased by the Authority in accordance with the provisions of the Agreement.

The Series 2011 Bond is issued in the principal amount of \$9,100,000, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, all as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2011 Bond. The Series 2011 Bond is subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2011 Bond as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2011 Bond.

March 3, 2011

Page 2

The Series 2011 Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the “Act”), for the purposes of (i) paying a portion of the costs of constructing certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the “Project”); (ii) paying the principal of and interest on the Issuer’s Sewer Bond Anticipation Note, Series 2008; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer on February 1, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 14, 2011 (collectively, the “Ordinance”), pursuant to and under which Act and Ordinance the Series 2011 Bond is authorized and issued, and the Agreement is entered into. The Series 2011 Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipality and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Series 2011 Bond, all under the Act and other applicable provisions of law.

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

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

4. The Issuer has legally and effectively enacted the Ordinance and all other necessary resolutions in connection with the issuance and sale of the Series 2011 Bond. The Ordinance constitutes a valid and binding obligation of the Issuer,

March 3, 2011

Page 3

enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Agreement.

5. The Series 2011 Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Series 2011 Bond and the Ordinance.

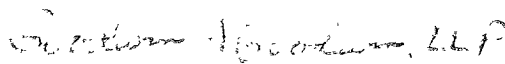
6. Under the Act, the Series 2011 Bond and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Series 2011 Bond has not been issued on the basis that the interest, if any, thereon 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, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2011 Bond.

No opinion is given herein as to the effect upon the enforceability of the Series 2011 Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Series 2011 Bond numbered R-1 and in our opinion, the form of said Series 2011 Bond and its execution and authentication are regular and proper.

Respectfully submitted,

  
GOODWIN & GOODWIN, LLP

LAW OFFICES

**GOODWIN & GOODWIN, LLP**

300 SUMMERS STREET, SUITE 1500  
CHARLESTON, WEST VIRGINIA 25301-1678

P O Box 2107  
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000  
TELECOPIER (304) 344-9692

[www.goodwingoodwin.com](http://www.goodwingoodwin.com)

March 3, 2011

201 THIRD STREET  
PARKERSBURG, WEST VIRGINIA 26101  
(304) 485-2345

P.O. Box 349  
500 CHURCH STREET  
RIPLEY, WEST VIRGINIA 25271  
(304) 372-2651

City of Princeton  
Princeton, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: City of Princeton, Sewer Revenue Bond  
Series 2011 (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the City of Princeton (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2011 (West Virginia SRF Program) (the "Series 2011 Bond"), dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) the Bond Purchase Agreement for the Series 2011 Bond, dated March 3, 2011, including all schedules and exhibits attached thereto (the "Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") and (ii) the Series 2011 Bond to be purchased by the Authority in accordance with the provisions of the Agreement.

The Series 2011 Bond is issued in the principal amount of \$9,100,000, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, all as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2011 Bond. The Series 2011 Bond is subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2011 Bond as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2011 Bond.

March 3, 2011

Page 2

The Series 2011 Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of constructing certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) paying the principal of and interest on the Issuer's Sewer Bond Anticipation Note, Series 2008; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer on February 1, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 14, 2011 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Series 2011 Bond is authorized and issued, and the Agreement is entered into. The Series 2011 Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and the Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipality and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Series 2011 Bond, all under the Act and other applicable provisions of law.

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

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

4. The Issuer has legally and effectively enacted the Ordinance and all other necessary resolutions in connection with the issuance and sale of the Series 2011 Bond. The Ordinance constitutes a valid and binding obligation of the Issuer,

# GOODWIN & GOODWIN, LLP

March 3, 2011

Page 3

enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Agreement.

5. The Series 2011 Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Series 2011 Bond and the Ordinance.

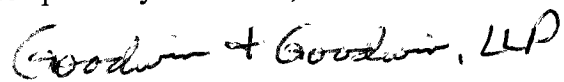
6. Under the Act, the Series 2011 Bond and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Series 2011 Bond has not been issued on the basis that the interest, if any, thereon 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, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2011 Bond.

No opinion is given herein as to the effect upon the enforceability of the Series 2011 Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Series 2011 Bond numbered R-1 and in our opinion, the form of said Series 2011 Bond and its execution and authentication are regular and proper.

Respectfully submitted,

  
GOODWIN & GOODWIN, LLP

**FEUCHTENBERGER & BARRINGER LEGAL CORPORATION**

Attorneys at Law  
335 New Hope Road  
P.O. Box 5726  
Princeton, WV 24740

304-425-5198

Fax: 304-487-2350

*J. W. Feuchtenberger\**

*J. W. Barringer\*\**

\*Admitted in Virginia & West Virginia

\*\*Admitted in West Virginia

*James Moses (Gen. Mgr.)*

*Dottie Nelson (Paralegal)*

Email: [jwfeuch@fblegalcorp.com](mailto:jwfeuch@fblegalcorp.com)

March 3, 2011

City of Princeton  
Princeton, West Virginia

West Virginia Department of Environmental Protection  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Goodwin & Goodwin, LLP  
Charleston, West Virginia

Re: \$9,100,000 City of Princeton  
Sewer Revenue Bond, Series 2011  
(WV SRF Program)

Gentlemen:

As attorney for the City of Princeton, Mercer County, West Virginia (the "City"), I have examined the record of proceedings relating to the issue of the City of Princeton, Sewer Revenue Bond, Series 2011 (WV SRF Program) (the "Bond") and have considered the validity of the Bond issue. In this connection, I have examined and am familiar with the constitution and statutes of the State of West Virginia, including Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia of 1931, as amended (collectively, the "Act"), the City's Charter, related minutes and a certified copy of the Ordinance enacted by the City (the "Ordinance"), the Bond Purchase Agreement for the Bond, dated March 3, 2011, including all schedules and exhibits attached thereto (the "Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), a copy of the certificate of convenience and public necessity issued by the West Virginia Public Service Commission, the sewer rates necessary to pay for the Bond as described in the Ordinance, copies of contracts and other documents relating to the funding and approval for the project by the City, and other documents relating to the project and other documents incidental and material to the issuance by the City of the Bond. From such familiarity and examination, I am of the opinion as follows:

1. The City is a duly created and presently existing municipality and political subdivision of the State of West Virginia with full power and authority to construct and acquire and to operate and maintain the Sewer System and to issue and sell the Bond, all under the provisions of Chapter 16,

Article 13 (the "Act"), of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.

2. The City, through City Council (the "Council"), has legally and effectively enacted the Ordinance and has duly authorized the issuance and delivery of the Bond to the Authority, for the benefit of the DEP, and the Mayor of the City is duly and lawfully entitled to and authorized to execute the Bond. The Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Authority and the DEP, constitutes a valid and binding agreement of the City, enforceable in accordance with its terms.

3. The Mayor, City Clerk and members of the Council have been duly elected or appointed and have fulfilled all requirements necessary to carry on their duties as provided under the Act.

4. The Bond constitutes a valid and legally enforceable special obligation of the City secured by and payable solely from a lien on and pledge of the Surplus Revenues of the System, as described in the Ordinance, all in accordance with the terms of the Bond and the Ordinance.

5. The City, through its Council, has legally and effectively enacted the sewer rates necessary to make the payments on the Bond from the rates described in the Ordinance, and it has lawfully enacted and has filed a tariff that has been approved by the West Virginia Public Service Commission for the sewer rates that are described within the Ordinance, which rates are not subject to appeal or protest.

6. The City, through its Council, has legally and effectively enacted all other ordinances, contracts and agreements that are necessary to comply with the Agreement and the conditions required therein and has complied with all necessary provisions of the Ordinance necessary before the Bond may be issued and delivered so that the Bond can, in fact, be lawfully issued and delivered.

7. The Sanitary Board of the City met on January 7, 2011, and approved a petition directing the City to issue the Bond pursuant to the Act, in an amount not to exceed \$9,100,000, to pay a portion of the costs of said construction of additions, improvements and betterments and directed that the Bond be issued at the earliest possible date pursuant to the Act.

8. The execution and delivery of the Bond and the enactment of the Ordinance and compliance with the provisions of them will not conflict with nor constitute a breach of or default under any agreement or other instrument known to us to which the City is a party, or any court order or consent decree known to me to which the City is subject, or any law or administrative regulation to which the City is subject.

9. All authorization, consents, approvals and reviews by governmental bodies or regulatory authorities then required for the City's adoption, execution or performance of the Bond and the Ordinance have been obtained or affected, and I have no reason to believe that the City will be unable to obtain or affect any additional such authorizations, consents or approvals that may be required in the future for performances of any of them by the City.

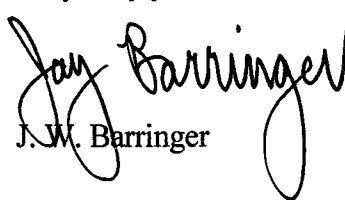
10. I have ascertained that all successful bidders have provided the drug free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds, and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the City; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement with the West Virginia Water Development Authority, for the benefit of the West Virginia Department of Environmental Protection; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

11. To my knowledge, there is no action, suit, proceeding or investigation at law or in equity by any court, public board or body, pending or threatened against or affecting the City or any member of the Council, and no facts exist relating to the composition of the Council or the exercise of their duties, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the validity of the Bond or the Ordinance.

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

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Bond Ordinance may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,

  
J. W. Barringer

JWB:djn



March 3, 2011

\$9,100,000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WEST VIRGINIA SRF PROGRAM)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

City of Princeton  
Princeton, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of Environmental Protection  
Charleston, West Virginia

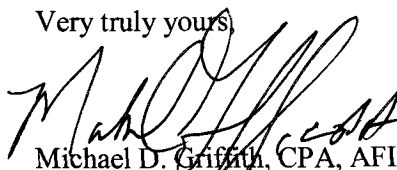
Ladies and Gentlemen:

I have reviewed the sewer rates of City of Princeton (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia entered October 19, 2010, in Case No. 10-0958-S-CN, the projected operating expenses and the anticipated customer usage provided by Stafford Consultants, Inc., the consulting engineer of the Issuer. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the sewer facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's \$1,015,551 City of Princeton, Sewer Revenue Refunding Bonds, Series 1996 (the "Prior Bonds"), and its Sewer Revenue Bond, Series 2011 (West Virginia SRF Program) (the "Series 2011 Bond").

It is further my opinion that the Net Revenues for the fiscal year following the year in which the Series 2011 Bond is to be issued will be at least 115% of the average annual debt service requirements on the Prior Bonds and the Series 2011 Bond.

It is further my opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2011 Bond, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2011 Bond, will not be less than 115% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Prior Bonds and the Series 2011 Bond.

Very truly yours,

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

MDG/dk

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

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

\$9,100,000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF CITY CLERK AS TO TRUTH  
AND ACCURACY OF DOCUMENTS DELIVERED

I, Kenneth Clay, the duly appointed City Clerk of the City of Princeton (the "City"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$9,100,000 City of Princeton, Sewer Revenue Bond, Series 2011 (WV SRF Program) (the "Bond"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the City and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Order Creating the City
2. Sanity Board Petition
3. Oaths of Office of the Mayor, City Clerk, Members of the City Council (the "Council") and Members of the Sanitary Board
4. Bond Ordinance and Supplemental Resolution
5. Minutes of January 11, 2011, January 18, 2011, February 1, 2011 and February 14, 2011 meetings of the Council wherein the Ordinance and Supplemental Resolution were considered and approved.
6. Affidavit of Publication of the abstract and notice of public hearing on the Bond Ordinance published in *Princeton Times* and *Bluefield Daily Telegraph*.
7. Tariff Issued May 29, 2008, Approving Rates
8. NPDES Permit
9. Evidence of Insurance

WITNESS my signature and the official seal of the City of Princeton as of the 3<sup>rd</sup>  
day of March, 2011.

  
City Clerk

(SEAL)

\$9,100,000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV SRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the City of Princeton in Mercer County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the Sewer Revenue Bond, Series 2011 (WV SRF Program), of the Issuer, dated March 3, 2011 (the "Bond"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bond. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly enacted by the Issuer on February 1, 2011, and supplemented by a Supplemental Resolution adopted by the Issuer on February 14, 2011 (collectively, the "Bond Ordinance"), authorizing the Bond.

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 March 3, 2011, the date on which the Bond is being physically delivered in exchange for a portion of the principal amount of the Bond, 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 Bond is 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 Bond that 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"), to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bond was sold on March 3, 2011, to the Authority, pursuant to a Bond Purchase Agreement dated March 3, 2011, by and among the Issuer, the Authority and West Virginia Department of Environmental Protection ("DEP"), for the aggregate purchase price of \$9,100,000 (100% of par), at which time, the Issuer received \$542,508.00 from DEP, being a portion of the principal amount of the Bond. No accrued interest has been or will be paid on the Bond. The balance of the principal amount of the Bond will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bond is being delivered simultaneously with the delivery of this certificate and is issued for the purposes of (i) paying a portion of the costs of acquiring,

constructing and equipping certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); (ii) repaying the principal of and interest on the Issuer's Sewer Bond Anticipation Note, Series 2008; and (iii) paying certain costs of issuance of the Bond and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bond for the acquisition, construction and equipping of the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of the net sale proceeds of the Bond to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and all of the proceeds from the sale of the Bond, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June 15, 2013. The acquisition, construction and equipping of the Project is expected to be completed by March 13, 2013.

8. The total cost of the Project is estimated at \$9,100,000. Sources and uses of funds for the Project are as follows:

SOURCES

|                           |                        |
|---------------------------|------------------------|
| Series 2011 Bond Proceeds | \$9,100,000.00         |
| US EDA Grant              | <u>2,500,000.00</u>    |
| Total Sources             | <u>\$11,600,000.00</u> |

USES

|                               |                        |
|-------------------------------|------------------------|
| Project Costs                 | \$11,112,356.00        |
| Repayment of Series 2008 Note | 468,694.00             |
| Cost of Issuance              | <u>18,950.00</u>       |
| Total Uses                    | <u>\$11,600,000.00</u> |

9. Pursuant to Article V of the Bond Ordinance, the following special funds have been created or continued with respect to the Bond:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2011 Bond Sinking Fund;
- (4) Series 2011 Bond Reserve Account; and
- (5) Series 2011 Construction Trust Fund.

10. Pursuant to Article VI of the Bond Ordinance, after the deposit with the Commission of the amount necessary to pay the principal and interest on the Issuer's Sewer Bond Anticipation Note, Series 2008, all of the proceeds of the Bond will be deposited in the Series 2011 Construction Trust Fund and applied solely to payment of costs of the Project, costs of issuance of the Bond and related costs, and for no other purpose.

11. Moneys held in the Series 2011 Bond Sinking Fund will be used solely to pay principal of and interest, if any, on the Bond and will not be available to meet costs of acquisition, construction and equipping of the Project.

12. The acquisition, construction and equipping of the Project will proceed with due diligence to completion. The acquisition, construction and equipping of the Project is expected to be completed within 24 months of the date hereof. All proceeds of the Bond will be expended on the Project within 36 months from the date hereof

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

14. 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 Bond.

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

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

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

18. The original proceeds of the Bond will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bond so that use of proceeds from the Bond can be accounted for.

19. 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.

20. The Bond is not federally guaranteed.

21. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bond if such amendment is necessary to assure that the Bond remains a governmental or public purpose bond.

22. The Issuer has either (a) funded the Series 2011 Bond Reserve Account at the maximum amount of principal which will mature and become due on the Bond in the then current or any succeeding year with the proceeds of the Bond, or (b) created the Series 2011 Bond Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2011 Bond Reserve Account holds an amount equal to the maximum amount of principal which will mature and become due on the Bond in the then current or any succeeding year. Moneys in the Series 2011 Bond Reserve Account and the Series 2011 Bond Sinking Fund will be used solely to pay principal of the Bond and will not be available to pay costs of the Project.

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

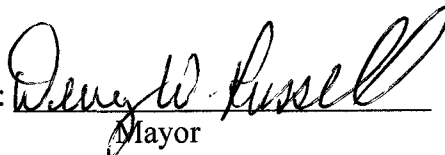
24. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances that would materially change the expectations herein expressed.

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

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

WITNESS my signature as of this 3<sup>rd</sup> day of March, 2011.

CITY OF PRINCETON

By:   
Mayor

CERTIFICATION

I, Kenneth Clay, City Clerk of the City of Princeton, hereby certify that the foregoing is a true and correct copy of the Charter of the City of Princeton approved by the voters on June 2, 1953, including any amendments thereto. I further certify that such Charter remains in full force and effect and has not been amended further or repealed.

Witness my signature on this 3<sup>rd</sup> day of March, 2011.

  
City Clerk

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

NEW ISSUE REPORT FORM  
Date of Report: March 1, 2011

-----  
ISSUE: City of Princeton  
Sewer Revenue Bond, Series 2011  
(WV SRF Program)  
ADDRESS: 100 Courthouse Road  
Princeton, WV 24740  
PURPOSE: New Money ☒  
OF ISSUE: Refunding ☒  
ISSUE DATE: March 3, 2011  
ISSUE AMOUNT: \$9,100,000  
1ST DEBT SERVICE DUE: 3/1/13  
1ST DEBT SERVICE AMOUNT: \$87,209.00  
COUNTY: Mercer  
Refunds issue dated: July 22, 2008  
CLOSING DATE: March 3, 2011  
RATE: 0% (0.5% administrative fee)  
1ST PRINCIPAL DUE: 3/1/13  
PAYING AGENT: City of Princeton

-----  
BOND COUNSEL: Goodwin & Goodwin, LLP  
Contact Person: W.K. Bragg, Jr.  
Phone: (304) 346-7000  
LENDER: West Virginia Department of  
Environmental Protection  
Contact Person: Rosalie Brodersen  
Position: Assistant Program Manager  
Phone: (304) 926-0496 Ext. 1608  
KNOWLEDGEABLE ISSUER CONTACT:  
Contact Person: Wayne Shumate  
Position: City Manager  
Phone: (304) 487-5020

-----DEPOSITS TO MBC AT CLOSE:-----

By ☒ Wire ☐ Accrued Interest: \$ 0  
☐ Check ☐ Capitalized Interest: \$ 0  
☐ Reserve Account: \$ 0  
☒ Other: \$468,694.00 to repay \$500,000 City of Princeton, Sewer Bond  
Anticipation Note, Series 2008

-----REFUNDS & TRANSFERS BY MBC AT CLOSE:-----

By ☐ Wire ☐ To Escrow Trustee: \$ N/A  
☐ Check ☐ To Issuer: \$ N/A  
☐ IGT ☐ To Cons. Invest. Fund: \$ N/A  
☐ Other:

-----  
FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

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

TRANSFERS

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

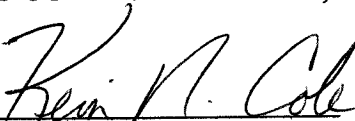
\$9,100,000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WEST VIRGINIA SRF PROGRAM)

ACCEPTANCE OF APPOINTMENT OF DEPOSITORY BANK

First Community Bank, N.A., at its office located in Princeton, Mercer County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the City of Princeton (the "City") duly enacted by the City Council of the City (the "Council") and effective on February 1, 2011, as supplemented by a Supplemental Resolution duly adopted by the Council and effective on February 14, 2011 (collectively, the "Ordinance"), authorizing issuance of City of Princeton, Sewer Revenue Bond, Series 2011 (West Virginia SRF Program), dated March 3, 2011, in the aggregate principal amount of \$9,100,000, and agrees to perform all duties of Depository Bank as set forth in the Ordinance.

Witness my signature as of the 3<sup>rd</sup> day of March, 2011.

FIRST COMMUNITY BANK, N.A.

By:   
Vice President

\$9,100,0000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV SRF PROGRAM)

ACCEPTANCE OF APPOINTMENT OF REGISTRAR

First Community Bank, N.A., at its office located in Bluefield, Mercer County, West Virginia, hereby accepts appointment as Registrar in connection with an Ordinance of City of Princeton (the "City") duly enacted by the City Council of the City (the "Council") on February 1, 2011, and supplemented by a Supplemental Resolution adopted by the Issuer on February 14, 2011 (collectively, the "Ordinance"), authorizing the issuance of City of Princeton, Sewer Revenue Bond, Series 2011 (WV SRF Program), dated March 3, 2011, in the principal amount of \$9,100,000, and agrees to perform all duties of Registrar as set forth in the Ordinance.

Witness my signature as of the 3<sup>rd</sup> day of March, 2011.

FIRST COMMUNITY BANK, N.A.

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

Vice President

\$9,100,000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV SRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 3<sup>rd</sup> day of March, 2011, by and between CITY OF PRINCETON, a municipality, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and FIRST COMMUNITY BANK, N.A., at its office located in Bluefield, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$9,100,000 aggregate principal amount of Sewer Revenue Bond, Series 2011 (WV SRF Program) in fully registered form (the "Bond") pursuant to a Bond Ordinance enacted by the Issuer on February 1, 2011, as amended by a Supplemental Resolution adopted by the Issuer on February 14, 2011 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Issuer of a Registrar for the Bond; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver the Bond upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bond from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

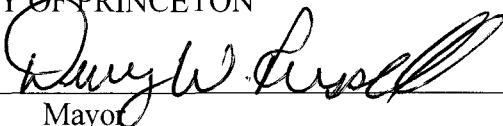
ISSUER: City of Princeton  
Attention: City Manager  
100 Courthouse Road  
Princeton, WV 24740

REGISTRAR: First Community Bank, N.A.  
Attention: Diana S. Coulthard  
P.O. Box 950  
211 Federal Street  
Bluefield, WV 24701-0950

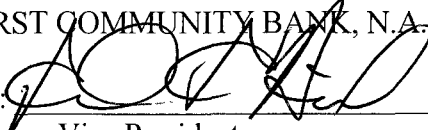
8. The Registrar is hereby requested and authorized to register, authenticate and deliver the Bond in accordance with the Ordinance and instructions provided by the Issuer.

IN WITNESS WHEREOF, CITY OF PRINCETON and FIRST COMMUNITY BANK, N.A. have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

CITY OF PRINCETON

By:   
Mayor

FIRST COMMUNITY BANK, N.A.

By:   
Vice President

(Bond Ordinance)

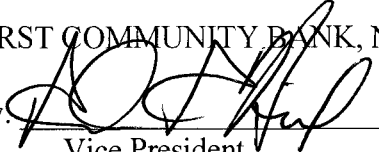
\$9,100,000  
CITY OF PRINCETON  
SEWER REVENUE BOND, SERIES 2011  
(WV SRF PROGRAM)

CERTIFICATE OF REGISTRATION

I, Samuel G. Hill as Vice President, of First Community Bank, N.A., as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the City of Princeton (the "City") dated as of the date hereof, hereby certify that on the 3<sup>rd</sup> day of March, 2011, the Bond of the City in the principal amount of \$9,100,000, designated "City of Princeton, Sewer Revenue Bond, Series 2011 (WV SRF Program)", numbered R-1, and dated as of the date hereof, was registered as to principal only in the name of "The West Virginia Water Development Authority", on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 3<sup>rd</sup> day of March, 2011.

FIRST COMMUNITY BANK, N.A., as Registrar

By: 

Vice President