

**CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)**

BOND ORDINANCE

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CITY OF ST. MARYS

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF ST. MARYS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of St. Marys, West Virginia (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Pleasants County of said State. The Issuer presently owns and operates a public combined waterworks and sewerage system (together with the Project, as hereinafter defined, and any other further additions or extensions, the "System").

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to

the System of the Issuer, consisting of the replacement of various sewer lines located in the Bill's Addition and downtown areas of the City and other upgrades and improvements to the existing System (as hereinafter defined), together with all appurtenant facilities (collectively, the "Project"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the DEP.

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in one series being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program) in an amount not to exceed \$4,000,000, (the "Series 2012 A Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2012 A Bonds 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 Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2012 A Bonds or the repayment of indebtedness incurred by the issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2012 A Bonds 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"), the agreement in form satisfactory to the respective parties (the "Bond Purchase Agreement"), approved hereby if not previously approved by resolution of the Issuer. Additionally, the Issuer will issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program) (the "Series 2012 B Bonds") simultaneously with the issuance of the Series 2012 A Bonds. The Series 2012 B Bonds will be issued on a parity with the Series 2012 A Bonds and the Prior Bonds.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 A Bonds as to liens, pledge, source of and security for payment, being the (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of \$128,000 (the "Series 1996 B Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of \$554,000 (the "Series 1998 A Bonds"); (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 10, 2006, issued in the original principal amount of \$1,581,250 (the "Series 2006 A Bonds"); (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated November 5, 2008, issued in the original principal amount of \$4,315,000 (the "Series 2008 A Bonds"); (v) Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 B (United States Department of Agriculture), dated November 5, 2008, issued in the original principal amount of \$1,034,000 (the "Series 2008 B Bonds"); (vi) Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia CWSRF Program), dated November 20, 2009, issued in the original aggregate principal amount of \$3,057,992 (the "Series 2009 A Bonds"); and (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (West Virginia CWSRF Program/ARRA), dated November 20, 2009, issued in the original aggregate principal amount of \$2,067,400 (the "Series 2009 B Bonds"). The Series 1996 B Bonds, the Series 1998 A Bonds, the Series 2006 A Bonds, the Series 2008 A Bonds, the Series 2008 B Bonds, the Series 2009 A Bonds and the Series 2009 B Bonds are hereinafter collectively called the "Prior Bonds." Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by Revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2012 A Bonds, the Prior Bonds and the Series 2012 B Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and 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 2012 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2012 A Bonds, all 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2012 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2012 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

“Authorized Officer” means the Mayor of the Issuer.

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

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

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

“Bonds” means, collectively, the Series 2012 A Bonds, the Series 2012 B Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

“City Council” shall mean the Council of the Issuer.

“Closing Date” means the date upon which there is an exchange of the Series 2012 A Bonds for all or a portion of the proceeds of the Series 2012 A Bonds from the Authority.

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

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

“Consulting Engineers” means S&S Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article I 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 acquisition and construction of the Project.

“Council” means the West Virginia Infrastructure and Jobs Development Council.

“CWSRF 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.

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

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

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

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

"Governing Body" means the City Council, 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).

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

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

"Issuer" means The City of St. Marys, a municipal corporation organized and existing under the laws of the State of West Virginia in Pleasants County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the 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 monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; 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 2012 A Bonds in the Supplemental Resolution.

“Prior Bonds” means, collectively, the Series 1996 B Bonds, the Series 1998 A Bonds, the Series 2006 A Bonds, the Series 2008 A Bonds, the Series 2008 B Bonds, the Series 2009 A Bonds and the Series 2009 B Bonds.

“Prior Bonds Reserve Accounts” means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Ordinances.

“Prior Ordinances” means, collectively, the Ordinances authorizing the Prior Bonds.

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

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

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

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or

certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

“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 created by Section 5.01 hereof.

“Reserve Accounts” means the reserve accounts established for the Series 2012 A Bonds, the Series 2012 B Bonds and the Prior Bonds.

“Reserve Requirements” means the amount required to be on deposit in the Reserve Account of the Series 2012 A Bonds, the Series 2012 B Bonds and the Prior Bonds, if any.

“Revenue Fund” means the Revenue Fund established by the Prior Ordinance and continued by Section 5.01 hereof.

“Series 1996 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of \$128,000.

“Series 1998 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of \$554,000.

“Series 2006 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 10, 2006, issued in the original principal amount of \$1,581,250.

“Series 2008 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated November 5, 2008, issued in the original principal amount of \$4,315,000.

“Series 2008 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 B (United States Department of Agriculture), dated November 5, 2008, issued in the original principal amount of \$1,034,000.

“Series 2009 A Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia CWSRF Program), dated November 20, 2009, issued in the original aggregate principal amount of \$3,057,992.

“Series 2009 B Bonds” means the Issuer’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (West Virginia CWSRF Program/ARRA), dated November 20, 2009, issued in the original principal amount of \$2,067,400.

Series 2012 A Bonds means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), of the Issuer, authorized by this Ordinance.

“Series 2012 A Bonds Construction Trust Fund” means the Series 2012 A Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2012 A Bonds Reserve Account” means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof

“Series 2012 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2012 A Bonds in the then current year or any succeeding year.

“Series 2012 A Bonds Sinking Fund” means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

“Series 2012 B Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer, issued simultaneously with the Series 2012 A Bonds pursuant to the Series 2012 B Ordinance.

“Series 2012 B Ordinance” means the Ordinance authorizing the Series 2012 B Bonds.

“Sinking Funds” means the Sinking Funds established for the Series 2012 A Bonds, the Series 2012 B Bonds and the Prior Bonds.

“SRF Administrative Fee” means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2012 A Bonds.

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2012 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 A Bonds, and not so included, may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2012 A 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 public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part, and shall include the Project and any additions, improvements, and extensions constructed or acquired for said system from any source whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition, Construction and Installation of the Project. There is hereby authorized and ordered the acquisition, construction and installation of the Project, at an estimated cost of not to exceed \$4,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2012 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the DEP.

The cost of the Project is estimated not to exceed \$4,000,000, of which an amount not to exceed \$4,000,000 will be obtained from proceeds of the Series 2012 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2012 A Bonds, funding the respective Reserve Accounts for the Series 2012 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2012 A Bonds of the Issuer. The Series 2012 A Bonds shall be issued in one series, as a single bond, designated as the "Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program)," in the principal amount not to exceed \$4,000,000, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2012 A Bonds, if any, shall be deposited in or credited to the Series 2012 A Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof

Section 3.02. Terms of Bonds. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2012 A Bonds, if any, 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 2012 A Bonds shall be issued in the form of a single bond, for each series fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2012 A Bonds. The Series 2012 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2012 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2012 A Bonds shall cease to be such officer of the Issuer before the Series 2012 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2012 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2012 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 A 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 2012 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2012 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2012 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2012 A Bonds or transferring the registered Series 2012 A Bonds are exercised, all Series 2012 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2012 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 A Bonds or, in the case of any proposed redemption of Series 2012 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 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 Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2012 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues: Lien Positions with Respect to Prior Bonds. The payments required by the Series 2012 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien of Net Revenues in favor of the Registered Owners of the Series 2012 B Bonds and the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and

deliver the Series 2012 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2012 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 A Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2012 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 A Bonds 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 SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A
(WEST VIRGINIA CWSRF PROGRAM)

No. AR-1

\$_____

KNOW ALL MEN BY THESE PRESENTS: The _____ day of _____, 2012, that The CITY OF ST. MARYS, a municipal corporation organized and existing under the laws of the State of West Virginia in Pleasants County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of .5% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on said EXHIBIT B.

This Bond shall bear no interest. 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 _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on _____, 2012 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER=S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, DATED NOVEMBER 13, 1996, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$128,000; (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, DATED JUNE 18, 1998, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$554,000; (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 10, 2006, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,581,250; (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 5, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,315,000; (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 5, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,034,000 (THE "SERIES 2008 B BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA CWSRF PROGRAM), DATED NOVEMBER 20, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,057,992 (THE "SERIES 2009 A BONDS"); AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA CWSRF PROGRAM/ARRA), DATED NOVEMBER 20, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,067,400 (THE "SERIES 2009 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____.

This Bond is payable only from and secured by a pledge of the Net Revenues 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 and the Series 2012 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond

does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds and the Series 2012 B Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of United Bank, Inc., Charleston, West Virginia, as registrar (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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

IN WITNESS WHEREOF, The CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal, if any, to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

UNITED BANK, INC.,
as Registrar

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2012 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous resolution, 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 Recorder 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. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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 (or continued) 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;
- (2) Renewal and Replacement Fund; and
- (3) Series 2012 A Bonds Construction Trust Fund.

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

- (1) Series 1996 B Bonds Sinking Fund (established by Prior Ordinance);
- (2) Series 1996 B Bonds Reserve Account (established by Prior Ordinance);
- (3) Series 1998 A Bonds Sinking Fund (established by Prior Ordinance);
- (4) Series 1998 A Bonds Reserve Account (established by Prior Ordinance);
- (5) Series 2006 A Bonds Sinking Fund (established by Prior Ordinance);
- (6) Series 2006 A Bonds Sinking Fund (established by Prior Ordinance);
- (7) Series 2008 A Bonds Reserve Account (established by Prior Ordinance);
- (8) Series 2008 B Bonds Reserve Account (established by Prior Ordinance);
- (9) Series 2009 A Bonds Sinking Fund (established by Prior Ordinance);
- (10) Series 2009 A Bonds Reserve Account (established by Prior Ordinance);
- (11) Series 2009 B Bonds Sinking Fund (established by Prior Ordinance);
- (12) Series 2009 B Bonds Reserve Account (established by Prior Ordinance);
- (13) Series 2012 A Bonds Sinking Fund; and

(14) Series 2012 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this 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 order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit the amounts required to pay the interest on the Prior Bonds as provided in the Prior Ordinances.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) the amounts required to pay the principal on the Prior Bonds as provided in the Prior Ordinances; (ii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2012 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds 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; and (iii) the amount required to pay the principal on the Series 2012 B Bonds as provided in the Series 2012 B Ordinance.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) the amounts required to make reserve payments for the Prior Bonds as provided in the Prior Ordinances; (ii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 A Bonds Reserve Requirement; and (iii) the amount required to make reserve payments for the Series 2012 B Bonds as provided in the Series 2012 B Ordinance.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement

Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, 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 monies from the Renewal and Replacement Fund.

Monies in the Series 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 A Bonds, as the same shall become due. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2012 A Bonds, as the same shall come due, when other monies in the Series 2012 A Bonds Sinking Fund, are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2012 A Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2012 A Bonds, and then to the next ensuing principal payment, if any, due thereon, all on a pro rata basis.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2012 A Bonds 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 2012 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and principal on such additional parity Bonds to accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created

hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds, 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, if any, with respect to the Series 2012 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement for the Series 2012 A Bonds.

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

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. Surplus Revenues may be used for any lawful purpose of the System.

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

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by 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. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds: Pledge of Unexpended Proceeds.
From the monies received from the sale of the Series 2012 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2012 A Bonds for the period commencing on the date of issuance of the Series 2012 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 A Bonds Construction Trust Fund and applied solely to payment of costs 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 2012 A Bonds.

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 2012 A Bonds shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2012 A Bonds 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 2012 A Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP, of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement for the Series 2012 A Bonds, in compliance with the construction schedule.

Pending such application, monies in the Series 2012 A Bond Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2012 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payments required by the Series 2012 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien of such Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 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 shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of certified public accountant to such effect.

So long as the Series 2012 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2012 A Bonds 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, fees and charges and take all such actions necessary to provide funds sufficient

to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Series 2012 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 A Bonds, immediately be remitted to the Commission for deposit in the Renewal and Replacement Fund, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2012 A Bonds. Any balance remaining after the payment of the Series 2012 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund 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 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 which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2012 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds and the Series 2012 B Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and the Series 2012 B Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions extensions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds,

if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, 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 expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2012 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the DEP and the Authority, 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 DEP and the Authority such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the DEP and the Authority, 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. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the DEP, the Authority, or any other original purchaser of the Series 2012 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular 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 any Holder or Holders of the Series 2012 A Bonds, and shall submit said report to the DEP and the Authority, or any other original purchaser of the Series 2012 A Bonds. Such audit report submitted to the DEP and the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the 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 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 for the Series 2012 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2012 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, 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 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2012 A Bonds, including the Prior Bonds and the Series 2012 B Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2012 A Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2012 A Bonds, including the Prior Bonds and the Series 2012 B Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2012 A Bonds, including the Prior Bonds and the Series 2012 B 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 adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP and the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the DEP and the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP and the Authority 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 the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Bond Purchase Agreements, and forward a copy of such report to the DEP and the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the 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 DEP and the Authority, 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 Record Drawings, 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 for the Series 2012 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

The Issuer will serve the additional customers at the location(s) set forth in the Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Water Development Authority. Following completion of the Project the Issuer will certify 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 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 any 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 or sewer facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water and sewer providers, 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. Except as required by law, 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 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the 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) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

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

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals, if required, from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

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

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 A Bonds and shall be on a parity with the Prior Bonds and the Series 2012 B Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions 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 DEP, the Authority or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Reserved.

Section 7.22. Contracts; Change Orders, Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2012 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2012 A Bonds held in "contingency" as set forth in the respective schedules 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 2012 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own 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 Series 2012 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds 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 2012 A Bonds as a condition to issuance of the Series 2012 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 A Bonds as may be necessary in order to maintain the status of the Series 2012 A Bonds as public purpose 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 2012 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2012 A Bonds are derived, to lose their status as tax-exempt

bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2012 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2012 A Bonds; or

(2) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2012 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, 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 the Prior Bonds or the Series 2012 B Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2012 A Bonds shall be on a parity with the Holders of the Prior Bonds and the Series 2012 B Bonds.

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

other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2012 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2012 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 A Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, 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 amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2012 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2012 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and

that the Chairman, Secretary 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. Statutory Notice and Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in the St. Marys Oracle, a qualified newspaper published and of general circulation in The City of St. Marys, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 A Bonds, and that any person interested may appear before the City Council upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. The City Council hereby determines that the abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the City Council shall take such action as it shall deem proper in the premises.

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

First Reading:	December 6, 2011
Second Reading	December 14, 2011
Final Reading/Public Hearing:	January 3, 2012

[Remainder of Page Intentionally Blank]

Enacted this 3rd day of January, 2012.



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly adopted by the Council of CITY OF
ST. MARYS on the 3rd day of January, 2012.

Dated: January 5, 2012.

[SEAL]

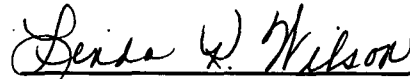

Recorder

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document No. 2.3 (Tab No. 7).

EXHIBIT B

CITY OF ST. MARYS, WEST VIRGINIA

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2011, the City Council of The City of St. Marys, West Virginia (the "City") adopted an ordinance which, among other things:

1. Authorized the design, acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the City's existing combined waterworks and sewerage system (the "System"), the permanent financing of such costs thereof through the issuance of not more than \$_____ in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

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

4. Provided that the Bonds shall not be or constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to such Net Revenues; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the registered owners; established the events of default and the remedies of the registered owners; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The City of St. Marys at a regular meeting on _____, 2011, at _____ m., in the Council Chambers, City Hall, St. Marys, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on _____, 2011, is on file with the Recorder for review by interested persons at the City Hall during regular office hours.

City Recorder of The City of St. Marys,
West Virginia

2.7

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF 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 ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM); DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of The City of St. Marys (the "Issuer") has duly and officially passed a Bond Ordinance on December 14, 2011, effective January 3, 2012 (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

PROVIDING FOR THE TERMS AND PROVISIONS OF
SUCH BONDS AND ADOPTING OTHER PROVISIONS
RELATING THERETO.

WHEREAS, 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 Combined Waterworks and Sewerage System Revenue Bonds, of the Issuer, in an aggregate principal amount not to exceed \$4,000,000 (the "Bonds"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, 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 each series of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer desires to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program) (the "Series 2012 A Bonds" or the "Bonds") pursuant to the Ordinance;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement to be entered into among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement") be approved, executed and ratified by the Issuer, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in the St. Marys Oracle, a qualified newspaper published and of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and the Notice for the

public hearing at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

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

(C) In Council chambers, City Hall, St. Marys, West Virginia, on January 3, 2012, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

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

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

Section 2. The Issuer shall sell the Bonds to the Authority on behalf of the DEP pursuant to the Bond Purchase Agreement.

Section 3. Pursuant to the Ordinance, there are hereby authorized to issue the following Bonds of the Issuer:

The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), shall be in the form of a single bond, shall be issued in the principal amount of \$3,536,500, shall be dated such date, shall finally mature no later than September 1, 2043, shall bear no interest. The principal and interest of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013, in the amounts as set forth in the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2012 A Bonds. The Issuer does hereby approve and shall pay the SRF

Administrative Fee equal to .5% of the principal amount of the Series 2012 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

Section 4. The Issuer hereby appoints and designates Pleasants County Bank, St. Marys, West Virginia, to serve as Depository Bank for the Bonds under the Ordinance.

Section 5. The Municipal Bond Commission (the "Commission") is appointed as Paying Agent for the Bonds.

Section 6. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 7. The Bond Purchase Agreement and the execution and delivery by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 8. The Issuer hereby appoints and designates United Bank, Inc., to serve as Registrar (the "Registrar") for the Bonds under the Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Bond Purchase Agreement on or about January 3, 2012.

Section 10. 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 direct obligations of, or obligations the timely payment of principals of and interest on which is guaranteed by, the United States of America, 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.

Section 11. The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

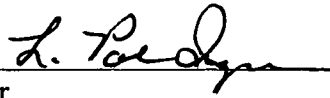
Section 12. The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 14. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 3rd day of January, 2012.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF ST. MARYS on the 3rd day of January, 2012.

Dated this 5th day of January, 2012.

[SEAL]


Recorder



SPECIAL

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A
(WEST VIRGINIA CWSRF PROGRAM)

No. AR-1

\$3,536,500

KNOW ALL MEN BY THESE PRESENTS: The 5th day of January, 2012, that The CITY OF ST. MARYS, a municipal corporation organized and existing under the laws of the State of West Virginia in Pleasants County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE MILLION FIVE HUNDRED THIRTY-SIX THOUSAND FIVE HUNDRED DOLLARS (\$3,536,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013, to and including September 1, 2043, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of .5% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013, as set forth on said EXHIBIT B.

This Bond shall bear no interest. 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 January 5, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the

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Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 5, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 5, 2012 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, DATED NOVEMBER 13, 1996, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$128,000; (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, DATED JUNE 18, 1998, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$554,000; (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 10, 2006, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,581,250; (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 5, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,315,000; (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 5, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,034,000 (THE "SERIES 2008 B BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA CWSRF PROGRAM), DATED NOVEMBER 20, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,057,992 (THE "SERIES 2009 A BONDS"); AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA CWSRF PROGRAM/ARRA), DATED NOVEMBER 20, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,067,400 (THE "SERIES 2009 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,203,500.

This Bond is payable only from and secured by a pledge of the Net Revenues 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 and the Series 2012 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds

SPECIMEN

Reserve Account”) and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds and the Series 2012 B Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of United Bank, Inc., Charleston, West Virginia, as registrar (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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as

SPECIMEN

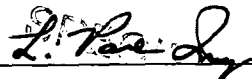
required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

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SPECIMEN

IN WITNESS WHEREOF, The CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal, if any, to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]



Mayor

ATTEST:



Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 5, 2012.

UNITED BANK, INC.,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ 167,004	01/05/2012	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
		\$	

TOTAL

EXHIBIT B**DEBT SERVICE SCHEDULE****DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS**

City of St. Marys

CW SRF

\$3,536,500, 30 years

0% Interest Rate

0.5% Administrative Fee

Dated Date 1/5/2012
 Date 1/5/2012

Series 2012 A

Date	Principal	Interest	Total Debt			Total Payments*
			Service	Admin Fee	Reserve Fund	
12/1/2013	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2014	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2014	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2014	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2014	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2015	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2015	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2015	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2015	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2016	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2016	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2016	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2016	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2017	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2017	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2017	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2017	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2018	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2018	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2018	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2018	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2019	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2019	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2019	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2019	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2020	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2020	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2020	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2020	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2021	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2021	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2021	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2021	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2022	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2022	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2022	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2022	29,471		29,471	2,228.73	2,947.10	34,646.83
3/1/2023	29,471		29,471	2,228.73	2,947.10	34,646.83
6/1/2023	29,471		29,471	2,228.73	2,947.10	34,646.83
9/1/2023	29,471		29,471	2,228.73	2,947.10	34,646.83
12/1/2023	29,471		29,471	2,228.73		31,699.73

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of St. Marys

CW SRF

Date

1/5/2012

Date	Principal	Interest	Total Debt		Reserve Fund	Total Payments*
			Service	Admin Fee		
3/1/2024	29,471		29,471	2,228.73		31,699.73
6/1/2024	29,471		29,471	2,228.73		31,699.73
9/1/2024	29,471		29,471	2,228.73		31,699.73
12/1/2024	29,471		29,471	2,228.73		31,699.73
3/1/2025	29,471		29,471	2,228.73		31,699.73
6/1/2025	29,471		29,471	2,228.73		31,699.73
9/1/2025	29,471		29,471	2,228.73		31,699.73
12/1/2025	29,471		29,471	2,228.73		31,699.73
3/1/2026	29,471		29,471	2,228.73		31,699.73
6/1/2026	29,471		29,471	2,228.73		31,699.73
9/1/2026	29,471		29,471	2,228.73		31,699.73
12/1/2026	29,471		29,471	2,228.73		31,699.73
3/1/2027	29,471		29,471	2,228.73		31,699.73
6/1/2027	29,471		29,471	2,228.73		31,699.73
9/1/2027	29,471		29,471	2,228.73		31,699.73
12/1/2027	29,471		29,471	2,228.73		31,699.73
3/1/2028	29,471		29,471	2,228.73		31,699.73
6/1/2028	29,471		29,471	2,228.73		31,699.73
9/1/2028	29,471		29,471	2,228.73		31,699.73
12/1/2028	29,471		29,471	2,228.73		31,699.73
3/1/2029	29,471		29,471	2,228.73		31,699.73
6/1/2029	29,471		29,471	2,228.73		31,699.73
9/1/2029	29,471		29,471	2,228.73		31,699.73
12/1/2029	29,471		29,471	2,228.73		31,699.73
3/1/2030	29,471		29,471	2,228.73		31,699.73
6/1/2030	29,471		29,471	2,228.73		31,699.73
9/1/2030	29,471		29,471	2,228.73		31,699.73
12/1/2030	29,471		29,471	2,228.73		31,699.73
3/1/2031	29,471		29,471	2,228.73		31,699.73
6/1/2031	29,471		29,471	2,228.73		31,699.73
9/1/2031	29,471		29,471	2,228.73		31,699.73
12/1/2031	29,471		29,471	2,228.73		31,699.73
3/1/2032	29,471		29,471	2,228.73		31,699.73
6/1/2032	29,471		29,471	2,228.73		31,699.73
9/1/2032	29,471		29,471	2,228.73		31,699.73
12/1/2032	29,471		29,471	2,228.73		31,699.73
3/1/2033	29,471		29,471	2,228.73		31,699.73
6/1/2033	29,471		29,471	2,228.73		31,699.73
9/1/2033	29,471		29,471	2,228.73		31,699.73
12/1/2033	29,471		29,471	2,228.73		31,699.73
3/1/2034	29,471		29,471	2,228.73		31,699.73
6/1/2034	29,471		29,471	2,228.73		31,699.73
9/1/2034	29,471		29,471	2,228.73		31,699.73
12/1/2034	29,471		29,471	2,228.73		31,699.73

DEBT SERVICE, ADMINISTRATIVE FEE AND RESERVE FUND PAYMENTS

City of St. Marys

CW SRF

\$3,536,500, 30 years

Date

1/5/2012

Date	Principal	Interest	Total Debt		Reserve Fund	Total Payments*
			Service	Admin Fee		
3/1/2035	29,471		29,471	2,228.73		31,699.73
6/1/2035	29,471		29,471	2,228.73		31,699.73
9/1/2035	29,471		29,471	2,228.73		31,699.73
12/1/2035	29,471		29,471	2,228.73		31,699.73
3/1/2036	29,471		29,471	2,228.73		31,699.73
6/1/2036	29,471		29,471	2,228.73		31,699.73
9/1/2036	29,471		29,471	2,228.73		31,699.73
12/1/2036	29,471		29,471	2,228.73		31,699.73
3/1/2037	29,471		29,471	2,228.73		31,699.73
6/1/2037	29,471		29,471	2,228.73		31,699.73
9/1/2037	29,471		29,471	2,228.73		31,699.73
12/1/2037	29,471		29,471	2,228.73		31,699.73
3/1/2038	29,471		29,471	2,228.73		31,699.73
6/1/2038	29,471		29,471	2,228.73		31,699.73
9/1/2038	29,471		29,471	2,228.73		31,699.73
12/1/2038	29,470		29,470	2,228.73		31,698.73
3/1/2039	29,470		29,470	2,228.73		31,698.73
6/1/2039	29,470		29,470	2,228.73		31,698.73
9/1/2039	29,470		29,470	2,228.73		31,698.73
12/1/2039	29,470		29,470	2,228.73		31,698.73
3/1/2040	29,470		29,470	2,228.73		31,698.73
6/1/2040	29,470		29,470	2,228.73		31,698.73
9/1/2040	29,470		29,470	2,228.73		31,698.73
12/1/2040	29,470		29,470	2,228.73		31,698.73
3/1/2041	29,470		29,470	2,228.73		31,698.73
6/1/2041	29,470		29,470	2,228.73		31,698.73
9/1/2041	29,470		29,470	2,228.73		31,698.73
12/1/2041	29,470		29,470	2,228.73		31,698.73
3/1/2042	29,470		29,470	2,228.73		31,698.73
6/1/2042	29,470		29,470	2,228.73		31,698.73
9/1/2042	29,470		29,470	2,228.73		31,698.73
12/1/2042	29,470		29,470	2,228.73		31,698.73
3/1/2043	29,470		29,470	2,228.73		31,698.73
6/1/2043	29,470		29,470	2,228.73		31,698.73
9/1/2043	29,470		29,470	2,228.73		31,698.73
3,536,500			3,536,500	267,447.60	117,884.00	3,921,831.60

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

BOND REGISTER

2.11

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$3,536,500	January 5, 2012

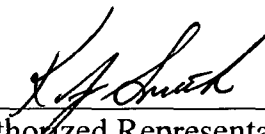
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

United Bank, Inc.



Authorized Representative



WEST VIRGINIA

Water Development Authority

Celebrating 36 Years of Service 1974 - 2010

2.12

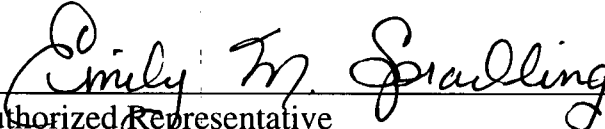
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM),
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Smith, Cochran & Hicks, PLLC, independent certified public accountants and Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), in the original aggregate principal amount of \$3,536,500, and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), in the original aggregate principal amount of \$4,203,500 (collectively the "Series 2012 Bonds") by The City of St. Marys (the "Issuer"), under the terms of the ordinances and resolutions authorizing the Series 2012 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A and Combined Waterworks, Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (West Virginia CWSRF Program) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (West Virginia CWSRF Program/ARRA) (collectively, the "Prior Bonds").

WITNESS my signature on this 5th day of January, 2012.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative



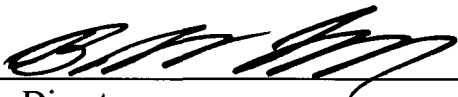
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), in the original aggregate principal amount not to exceed \$4,000,000, and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), in the original aggregate principal amount not to exceed \$4,750,000 (the "Series 2012 Bonds"), by The City of St. Marys (the "Issuer"), under the terms of the Bond Ordinances authorizing the Series 2012 Bonds (the "Bond Ordinances"), on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 A, dated November 5, 2008 and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2008 B, dated November 5, 2008 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Series 2012 Bonds or the Bond Ordinances; and (iii) consents to any amendments made to the Prior Ordinances by the Bond Ordinances.

WITNESS my signature on this 5th day of January, 2012.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT



State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505
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3.1

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

GENERAL CERTIFICATE ON:

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

We, the undersigned MAYOR and the undersigned RECORDER of the City of St. Marys in Pleasants County, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY for the Issuer, hereby certify in connection with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), numbered AR-1, dated the date hereof, in the principal amount of \$3,536,500 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 3, 2012 as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 3, 2012 (collectively, the "Ordinance"), 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 (“DEP”), dated January 5, 2012 (the “Bond Purchase Agreement”).

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project as described in the Ordinance (the “Project”), the operation of the Issuer’s Combined Waterworks and Sewerage System (the “System”), the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Governing Body; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect. The Issuer has received the Drug Free Workplace affidavits from the successful bidders required by Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Bond Purchase Agreement. The Issuer has met all conditions set forth in the Bond Purchase Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Bonds are issued on a parity with the Prior Bonds (as defined in the Ordinance) and the Series 2012 B Bonds (as defined in the Ordinance), with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the registered owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or

obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the terms and provisions of the Prior Bonds and the Prior Ordinances.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on May 3, 2011, setting forth the sewer rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect. The Issuer has duly enacted a water rate ordinance on May 3, 2011, setting forth the water rates and charges for the services of the System. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of St. Marys." The Issuer is a municipal corporation presently existing under the laws of, and a political subdivision of, the State of West Virginia in Pleasants County of said State. The governing body of the Issuer is its City Council, consisting of the Mayor and 6 council members duly elected, appointed, qualified and acting members, whose names and dates of termination of their current terms are as follows:

<u>Name</u>	<u>Date Of Termination Of Office</u>
Paul Ingram, Mayor	June 30, 2013
Linda K. Wilson, City Recorder	undetermined
Rick McCullough, Council Member	June 30, 2013
Pat Boyles, Council Member	June 30, 2013
Charlie Knight, Council Member	June 30, 2013

C. A. (Mike) Hendricks, Council Member	June 30, 2015
J. B. Phillips, Council Member	June 30, 2015
Bill Israel, Council Member	June 30, 2015

The duly appointed and acting attorney for the Issuer is Keith White, Esq., St. Marys, West Virginia. The duly appointed and acting PSC counsel for the Issuer is Jackson Kelly PLLC, Charleston, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the Systems were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Bond Purchase Agreement. All insurance for the Systems required by the Ordinance and the Bond Purchase Agreement is in full force and effect.

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

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

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

12. BOND PROCEEDS: On the date hereof, the Issuer received \$167,004 from the Authority and the DEP, being a portion of the principal amount of the Series 2012 A Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The St. Marys Oracle, 1 qualified newspaper of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on January 3, 2012, at 7:00 p.m., prevailing time, for the Ordinance, in the council chambers of the City Hall in St. Marys, West Virginia, and present protests, and stating that a certified copy of the Ordinance were on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

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

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision dated November 18, 2011, which became the final

PSC Order on December 4, 2011, in Case No. 11-0986-WS-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineers.

18. VERIFICATION OF SCHEDULE B: The final amended Schedule B attached to the Certificates of Consulting Engineer, with the signature of the Mayor and the Consulting Engineers, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

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

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

WITNESS our signatures and the official corporate seal of The City of St. Marys on this 5th day of January, 2012.

[SEAL]

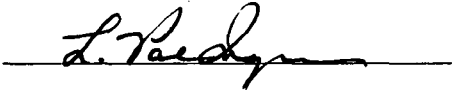
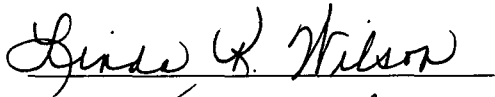
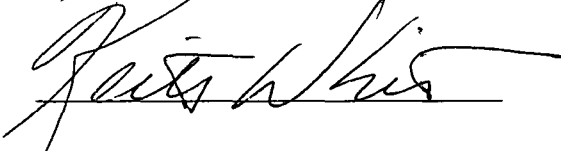
<u>Signature</u>	<u>Official Title</u>
	Mayor
	Recorder
	City Attorney
	PSC Counsel (as to matters in Sections 6 and 15)

EXHIBIT A

See 2012 A Specimen Bond (Tab No. 14)

3.2

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

On this 5th day of January, 2012, the undersigned Mayor of The City of St. Marys in Pleasants County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$3,536,500 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program) (the "Series 2012 A Bonds" or the "Bonds"), of the Issuer and dated January 5, 2012, hereby certify as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 3, 2012, as supplemented by the Supplemental Resolution passed by the Issuer on January 3, 2012 (collectively, the "Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on January 5, 2012, the date on which the Bonds are to be physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. The Series 2012 A Bonds were sold on January 5, 2012, to the Authority, pursuant to bond purchase agreement dated January 5, 2012, by and among the Issuer, the Authority, and the DEP, for an aggregate purchase price of \$3,536,500 (100% of par value), at which time, the Issuer received \$167,004 from the Authority and the DEP, being the first advance of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

5. The Series 2012 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

6. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before June 1, 2013. The acquisition and construction of the Project is expected to be completed by June 1, 2013.

7. The total cost of the Project is estimated to be \$3,536,500. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2012 A Bonds	<u>\$3,536,500</u>
Total Sources	\$3,536,500

USES

Costs of Project	\$3,511,250
Costs of Issuance	<u>\$ 25,250</u>
Total Uses	\$3,536,500

8. Pursuant to the Ordinance, the following special funds or accounts have been created (or continued pursuant to the Prior Ordinances):

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bonds Construction Trust Fund;
- (4) Series 2012 A Bonds Sinking Fund; and
- (5) Series 2012 A Bonds Reserve Account;

9. Pursuant to the Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) Series 2012 A Bond proceeds in the amount of \$-0- will be deposited in the Series 2012 A Bonds Reserve Account.

(2) The balance of the proceeds of the Series 2012 A Bonds will be deposited in the Series 2012 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

10. Moneys held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2012 A Bonds Reserve Account (if equal to the Series 2012 A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2012 A Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Ordinance.

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

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

13. With the exception of the amount deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

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 Bonds.

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

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

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

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

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

20. The Bonds are not federally guaranteed.

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

22. The Issuer has either (a) funded the Series 2012 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2012 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2012 A Bonds Reserve Account and the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

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

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

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 Bonds, rebates and rebate calculations.

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

WITNESS my signature as of the date first written above.

CITY OF ST. MARYS



Mayor

3.3

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly elected Recorder of The City of St. Marys (the “Issuer”), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program) (the “Bonds”) are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.
2. Oaths of Office of Mayor, Recorder and Council Members.
3. Public Service Commission Order.
4. Infrastructure Council Approval Letter.
5. Bond Purchase Agreement.
6. Sewer and Water Rate Ordinances.
7. Minutes of Council Meetings regarding All Readings and Public Hearing of the Sewer and Water Rate Ordinances.
8. Bond Ordinance.
9. Supplemental Resolution.
10. Minutes of Council Meetings regarding All

Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

11. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinances.
12. Series 1996 B Bond Ordinance and Supplemental Resolution.
13. Series 1998 A Bond Ordinance and Supplemental Resolution.
14. Series 2003 A Bond Ordinance and Supplemental Resolution.
15. Series 2006 A Bond Ordinance and Supplemental Resolution.
16. Series 2008 A Bond Ordinance and Supplemental Resolution.
17. Series 2008 B Bond Ordinance and Supplemental Resolution.
18. Series 2009 A and Series 2009 B Bond Ordinance and Supplemental Resolution.
19. WDA Consent to Issuance of Parity Bonds.
20. USDA Consent to Issuance of Parity Bonds.
21. NPDES Permit.
22. Evidence of Insurance.

WITNESS my signature and the official seal of The City of St. Marys on
this 5th day of January, 2012.


Recorder

[SEAL]

THE CITY OF ST. MARYS 3.4
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF CONSULTING ENGINEER

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

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements consisting of the replacement of various sewer lines located in the Bill's Addition and downtown areas of the City and other upgrades and improvements to the existing System (as hereinafter defined), together with all appurtenant facilities (the "Project") to the existing public combined waterworks and sewerage system (the "System") of The City of St. Marys (the "Issuer"), to be constructed primarily in Pleasants County, West Virginia, which acquisition and construction are being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance passed by the Issuer on December 14, 2011, effective January 3, 2012, as supplemented by a Supplemental Resolution adopted by the Issuer on January 3, 2012, 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 ("DEP"), dated January 5, 2012 (the "Bond Purchase Agreement").

2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the 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

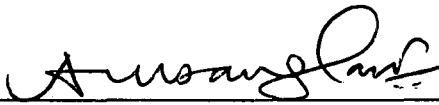
and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and in reliance upon the opinion of [Keith White, Esquire], of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project, to the extent the plans were prepared by my firm, and operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Smith, Cochran & Hicks, P.L.L.C., of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the 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; (xi) attached hereto as Exhibit A are the final amended "Schedule B - Total Cost of Project, Sources of Funds and Cost of Financing" for the Bonds associated with the Project; and (xii) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. The Project will serve no new customers.

WITNESS my signature and seal on this 5th day of January, 2012.

[SEAL]



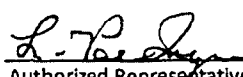

S&S ENGINEERS, INC.
Ashok Sanghavi, P.E.
West Virginia License No. 6177

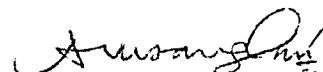
WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION
SCHEDULE B
Rev 12/22/2011

CITY OF ST MARYS
WATER & SEWER LINES REPLACEMENT PROJECT
& WATER STORAGE TANK PROJECT - PHASE II

WVDEP SRF NO. C-544468
WVBPH SRF NO. 11DWTRFA013

A. Cost of Project		Total	WVBPH - Water	WVDEP - Wastewater	City
1.	Construction				
	Contract 2010 - 01 (Bill's Addition)	3,023,675	1,495,793	1,527,882	-
	Contract 2010 - 02 (Downtown)	2,903,203	1,630,452	1,272,751	-
	Contract 2010 - 03 (Water Tank)	188,800	188,800	-	-
2.	Construction Contingency	305,783	165,752	140,031	-
3.	Technical Services				
	a. Planning	36,000	18,000	18,000	-
	b. Design	285,400	165,400	120,000	-
	c. Engineering During Construction	-	-	-	-
	d. Special Services	57,600	37,600	20,000	-
	e. Inspection Services	340,000	180,000	160,000	-
4.	Legal & Fiscal				
	a. Local Legal	5,000	2,500	2,500	-
	b. PSC Attorney	25,000	12,500	12,500	-
	c. Accountant	20,000	10,000	10,000	-
5.	Administrative	20,000	10,000	10,000	-
6.	Sites & Lands				
	a. Land Acquisitions & Fees	15,000	15,000	-	-
	b. Sewer Easement Fees	-	-	-	-
7.	Loan Repayment	-	-	-	-
8.	Equipment	454,039	241,453	212,586	-
9.	Permits	10,000	5,000	5,000	-
10.	Total of Lines 1 through 9	7,689,500	4,178,250	3,511,250	-
B. Cost of Financing					
11.	Capitalized Interest	-	-	-	-
12.	Other Costs				
	a. Bank Registrar Fee	500	250	250	-
	b. Bond Counsel	50,000	25,000	25,000	-
	c. Funded Reserve	-	-	-	-
13.	Total Cost of Financing (Total of Lines 11 through 12)	50,500	25,250	25,250	-
14.	TOTAL PROJECT COST (Line 10 plus Line 13)	7,740,000	4,203,500	3,536,500	-
C. Sources of Funds					
15.	Federal Grants	-	-	-	-
16.	State Grants	-	-	-	-
17.	Other Sources	-	-	-	-
18.	TOTAL GRANTS	-	-	-	-
19.	Size of Bond Issue	7,740,000	4,203,500	3,536,500	-

 **MAYOR** 12/22/11
 Authorized Representative Date
 City of St. Marys

 12/22/2011
 Consulting Engineer Date
 S & S Engineers, Inc.



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

Certified Public Accountants

Beckley Bridgeport Charleston Montgomery

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

January 5, 2012

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM),
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM)

The City of St. Marys
St. Marys, WV 25802

West Virginia Water Development Authority
Charleston, WV 25304

West Virginia Department of Environmental Protection
Charleston, WV 25311

West Virginia Bureau of Public Health
Charleston, WV 25301

Jackson Kelly PLLC
Charleston, WV 25301

United States Department of Agriculture
Rural Utility Service
Parkersburg, WV 26102

Re: Certified Public Accountant Certificate

Ladies and Gentlemen:

We have reviewed the water service rates of The City of St. Marys (the "Issuer"), enacted by the Issuer on May 3, 2011 and the sewer service rates of the Issuer, enacted by the Issuer on May 3, 2011, and the projected operating expenses and anticipated customer usage provided by S&S Engineers, Inc., the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the Combined Waterworks and Sewerage System of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the

maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's proposed \$3,137,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program) at a rate of 0% and Administrative Fee of .5% for a term of 30 years* and the proposed \$4,420,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program) at a rate of 2% with an Administrative Fee of 1% for a term of 20 years* (the "Bonds") and all other obligations secured by or payable from revenues of the System on a parity with the Bonds, including the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, Combined Waterworks and Sewerage Revenue Bonds, Series 2008 A, Combined Waterworks and Sewerage Revenue Bonds, Series 2008 B, Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the fiscal year following the year in which the Bonds are to be issued will be at least 120% of the average annual debt service on the Prior Bonds and the Bonds; and (ii) the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, will not be less than 115% of the maximum debt service in any succeeding year on the Prior Bonds and the Bonds.

The Issuer is current on all payment to the funds and accounts established under the Prior Ordinance, including RUS reserve accounts.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance authorizing the Bonds.

Very truly yours,



SMITH, COCHRAN & HICKS, PLLC

*Based on Infrastructure Council Recommendation

THE CITY OF ST. MARYS 3.6
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

RECEIPT FOR BONDS

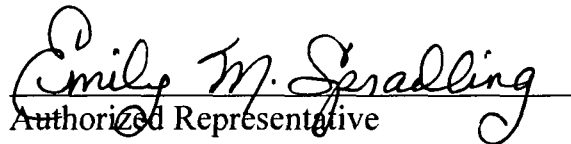
The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 5th day of January, 2012, in Charleston, West Virginia, the Authority received the entire original issue of \$3,536,500 in aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), of The City of St. Marys (the "Issuer"), dated January 5, 2012, issued in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 5th day of January, 2012.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

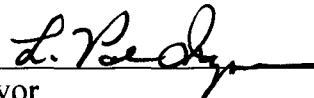
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

RECEIPT FOR BOND PROCEEDS

On this 5th day of January, 2012, the undersigned Mayor of The City of St. Marys (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the West Virginia Water Development Authority (the "WDA"), the sum of \$167,004, being the first advance on Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), dated the date hereof (the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the WDA from time to time as construction progresses.

WITNESS my signature as of the date first written above.

THE CITY OF ST. MARYS



Mayor

3.8

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

January 5, 2012

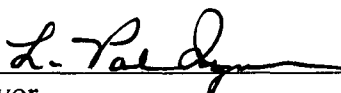
United Bank, Inc., as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$3,536,500 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), in the form of one bond, numbered AR-1, dated January 5, 2012 (the "Bonds"), of The City of St. Marys (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 3, 2012, and a Supplemental Resolution duly adopted by the Issuer on January 3, 2012.

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

CITY OF ST. MARYS



Mayor

(SEAL)

Attest:



Recorder

3.9

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 5th day of January, 2012, by and between THE CITY OF ST. MARYS, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$3,536,500 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), in the form of one bond, numbered AR-1, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 3, 2012, and a Supplemental Resolution duly adopted January 3, 2012 (collectively, the "Ordinance");

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

WHEREAS, the Ordinance provide for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the

Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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

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

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

ISSUER:

City of St. Marys
418 Second Street
St. Marys, WV6170
Attention: Mayor

REGISTRAR:

United Bank, Inc.
500 Virginia Street, East
Charleston, WV 5301
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

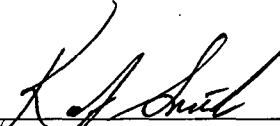
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

THE CITY OF ST. MARYS



Mayor

UNITED BANK, INC.



Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 10)
See Supplemental Resolution (Tab No. 11)

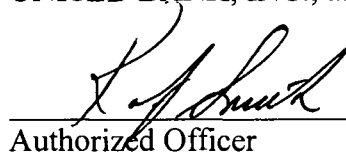
THE CITY OF ST. MARYS 3.10
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), of The City of St. Marys (the "Issuer"), dated January 5, 2012, in the principal amount of \$3,536,500, and numbered AR-1, was registered as to principal in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 5th day of January, 2012.

UNITED BANK, INC., as Registrar



Authorized Officer

THE CITY OF ST. MARYS 3.11
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A (WEST VIRGINIA CWSRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

PLEASANTS COUNTY BANK, St. Marys, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of St. Marys (the "Issuer"), passed by the Issuer on December 14, 2011, effective January 3, 2012, a Supplemental Resolution adopted by the Issuer on November 2, 2012 (collectively, the "Ordinance"), authorizing the issuance of The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), in the aggregate principal amount of \$3,536,500, dated January 5, 2012, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

Witness my signature on this 5th day of January, 2012.

PLEASANTS COUNTY BANK

 President / CEO
Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

1207 Quarrier Street, Suite 401

Charleston, WV 25301

(304) 558-3971

3.12

NEW ISSUE REPORT FORM

Date of Report: January 5, 2012

ISSUE: The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia CWSRF Program)ADDRESS: 418 Second St., St. Marys, WV 26170 COUNTY: PleasantsPURPOSE OF ISSUE: New Money X

Refunding _____

Refunds issue(s) dated: _____

ISSUE DATE: January 5, 2012CLOSING DATE: January 5, 2012ISSUE AMOUNT: \$3,536,500RATE: 0% / .5% Admin Fee1st DEBT SERVICE DUE: December 1, 20131st PRINCIPAL DUE: \$29,4711st DEBT SERVICE AMOUNT: \$29,471PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLCUNDERWRITERS COUNSEL: Kauffelt & KauffeltContact Person: Samme L. Gee, EsquireContact Person: Mark E. Kauffelt, Esq.Phone: (304) 340-1318Phone: (304) 345-1272CLOSING BANK: Pleasants County Bank

ESCROW TRUSTEE: _____

Contact Person: Kay Wherry

Contact Person: _____

Phone: (304) 684-2227

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT: _____

OTHER: WVDEPContact Person: Linda K. WilsonContact Person: Rosalie BrodersenPosition: City RecorderFunction: Program ManagerPhone: (304) 684-2401Phone: (304) 926-0449 ext 1608E-Mail: cityrecorder@frontiernet.net

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

By _____ Wire _____

Reserve Account: \$ _____

Check _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____

To Escrow Trustee: \$ _____

Check _____

To Issuer: \$ _____

IGT _____

To Cons.Invest.Fund \$ _____

To Other: \$ _____

NOTES: Series 2012 A Reserve Account to be funded over ten years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

January 5, 2012

The City of St. Marys
418 Second Street
St. Marys, WV 26170

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

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

Re: The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2012 A (West Virginia CWSRF Program)

Ladies and Gentlemen:

We have served as bond counsel to The City of St. Marys (“the Issuer”), a municipal corporation, in connection with the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia CWSRF Program), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a bond purchase agreement for the Bonds dated January 5, 2012, including all schedules and exhibits attached thereto (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”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of \$3,536,500, in the form of one bond, registered as to principal and interest to the Authority, will bear no interest, and with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December, 2013, all as set forth in the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF

{C2061844.1}

Administrative Fee equal to .5% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 3, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 3, 2012 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Bond Purchase Agreement when used herein.

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

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

2. The Bond Purchase 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 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

The City of St. Marys
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
November 20, 2012
Page 3

or 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 adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Prior Bonds (as that term is defined in the Ordinance) and the Series 2012 B Bonds (as that term is defined in the Ordinance) issued simultaneously herewith, all in accordance with the terms of the Bonds and the Ordinance.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack Kelly". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Keith White
Attorney at Law
110 Washington Street
P. O. Box 176
St. Marys, WV 26170
keithwhite@suddenlinkmail.com

TELEPHONE: 304-684-2219

FAX: 304-684-9428

January 5, 2012

The City of St. Marys
418 Second Street
St. Marys, WV 26170

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25304

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

Jackson Kelly PLLC
P. O. Box 553
Charleston, WV 25322

Re: The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds, Series
2012 A (West Virginia CWSRF Program)

Ladies and Gentlemen:

I am counsel to The City of St. Marys in Pleasants County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a bond purchase agreement for the Bonds, dated January 5, 2012, including all schedules and exhibits attached thereto (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"), a Bond Ordinance duly passed by the Issuer on December 14, 2011, effective January 3, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 3, 2012, (collectively, the "Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Purchase Agreement and the Ordinance of the Issuer when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority

to acquire and construct the Project as defined in the Ordinance, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law.

2. The Bond Purchase Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes valid and binding agreements of the Issuer, enforceable in accordance with the terms.

3. The Mayor, Recorder and members of the Council and the Sanitary Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the DEP, the West Virginia Infrastructure and Jobs Development Council and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

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

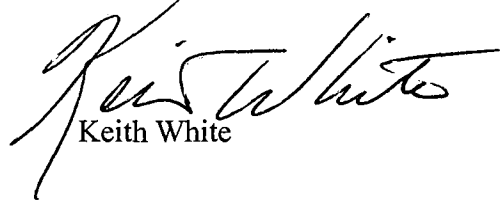
8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the

opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Bond Purchase Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

9. The contracts contain language requiring the contractors to provide affidavits from all contractors and subcontractors indicating that each contractor and subcontractor have a drug free workplace policy pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended. The contractor has submitted a plan to implement the drug free workplace policy prior to the awarding of the contract pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

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

Very truly yours,



Keith White

KW/sas



January 5, 2012

The City of St. Marys
St. Marys, WV 26170

West Virginia Water Development Authority
Charleston, WV 25311

West Virginia Bureau of Public Health
Charleston, WV 25301

Re: The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2012 A (West Virginia CWSRF Program)

Ladies and Gentlemen:

We are special counsel to The City of St. Marys, a municipal corporation in Pleasants County, West Virginia (the “Issuer”). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia (“PSC”) in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has received all orders, certificates and authorizations from the PSC necessary for the issuance of the Bonds, the acquisition and construction of the Project, and the operation of the System. On November 18, 2011, a PSC Administrative Law Judge issued a Recommended Decision in Case No. 11-0986-WS-CN that, among other things, granted the Issuer a certificate of public convenience and necessity for the Project and approved the financing for the Project. The Recommended Decision became a final order of the PSC on December 4, 2011 (“Order”). The time for appeal of the Order has expired prior to the date hereof without any appeal having been filed.

The City of St. Marys
West Virginia Water Development Authority
West Virginia Bureau of Public Health
January 5, 2012
Page 2

2. The Issuer duly enacted a water and sewer rate ordinance on May 3, 2011 ("Rate Ordinance"), setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of State law and the PSC to make the rates set forth in the Rate Ordinance valid and effective on the terms set forth therein. The time for appeal of the Rate Ordinance has expired and there was no appeal thereof. The rates set forth in the Rate Ordinance are therefore unappealable and are in full force and effect on the terms set forth in the Rate Ordinance.

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

Very truly yours,

A handwritten signature in cursive script that reads "Jackson Kelly PLLC".

JACKSON KELLY PLLC

Keith White
Attorney at Law
110 Washington Street
P. O. Box 176
St. Marys, WV 26170

TELEPHONE: 304-684-2219

keithwhite@suddenlinkmail.com

FAX: 304-684-9428

January 5, 2012

The St. Mary's
418 Second Street
St. Marys, WV 26170

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

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

Jackson Kelly PLLC
P.O. Box 553
Charleston, WV 25322

Re: Final Title Opinion for The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2012 A (West Virginia CWSRF Program)

Ladies and Gentlemen:

I am counsel for The City of St. Marys (the "Issuer") in connection with a proposed project to construct certain extensions, additions, betterments and improvements (the "Project") to the existing combined waterworks and sewerage system of the Issuer. I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

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

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by S&S Engineers, Inc., the consulting engineer for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Pleasants County, West Virginia, the county in which the Project are to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Pleasants County to protect the legal title to and interest of the Issuer.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Keith White', with a long horizontal flourish extending to the right.

Keith White, Esq.