TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, 2001 A

Date of Closing: September 13, 2001

BOND TRANSCRIPT

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$550,000
TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

Date of Closing: September 13, 2001

BOND TRANSCRIPT

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TOWN OF ALDERSON
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

BOND ORDINANCE

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TOWN OF ALDERSON
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

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TOWN OF ALDERSON

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $560,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ALDERSON SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ALDERSON DESIGNATED AS THE TOWN OF ALDERSON SEWER SYSTEM REVENUE BOND, SERIES 1986 A; AUTHORING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ALDERSON; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ALDERSON IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $560,000.00 WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ALDERSON MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Town of Alderson (the "Town") is a municipal corporation and political subdivision of the State of West Virginia in Monroe and Greenbrier Counties of said State and the Town presently owns and operates a public sewerage system.

B. In accordance with Section 18 of the Act, the System is under the supervision and control of the Sanitary Board of the Town (the "Sanitary Board").

C. The acquisition and construction of the System were financed in part by the proceeds of prior bond issues of the Town, including (i) the Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, issued in the original aggregate principal amount of $490,364, of which approximately $454,528 is presently outstanding (the "Series 1986 A Bonds"); (ii) the Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, issued in the original aggregate principal amount of $90,762 (the "Series 1986 B Bonds"); and (iii) the Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original aggregate principal amount of $228,000 (the "Series 1983 Bonds"). The Series 1983 Bonds are secured by a first lien on the net revenues of the System, the Series 1986 A Bonds are secured by a second lien on the net revenues of the System, junior and subordinate to the Series 1983 Bonds and senior and prior to the Series 1986 B Bonds, and the Series 1986 B Bonds are secured by a third lien on the net revenues of the System, junior and subordinate to the Series 1983 Bonds and the Series 1986 A Bonds.

D. Pursuant to Section 22c of the Act, the Town is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon.

E. It is deemed necessary that the Town issue its Sewer Refunding Revenue Bonds, Series 2001 A (the "Series 2001 A Bonds"), in the maximum total aggregate principal amount of not more than $560,000.

F. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2001 A Bonds presented to the Town by the Original Purchaser, the Series 2001 A Bonds show a net present value debt service savings to the Town after deducting all expenses of the refunding and the costs of issuing the Series 2001 A Bonds and such refunding is in the best interest of the Town.

G. The Town shall not sell the Series 2001 A Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2001 A Bonds, and the Town shall not issue the Series 2001 A Bonds without having obtained from an Independent Certified Public Accountant or firm of independent certified public accountants, a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2001 A Bonds and the net interest cost in dollars of the Series 1986 A Bonds.

H. The Sanitary Board has petitioned the Council to issue Bonds for the purposes set forth herein.

I. Subject to the determination and certification required by paragraph G above, it is in the best interests of the Town, and the residents thereof, that the Town refund the Series 1986 A Bonds in their entirety with proceeds of the Series 2001 A Bonds and other funds of the Town, to issue the Series 2001 A Bonds and to pledge the Net Revenues of the System for payment thereof on a parity with

the Series 1986 B Bonds, junior and subordinate to the Series 1983 Bonds. Upon issuance and delivery of the Series 2001 A Bonds and the refunding of the Series 1986 A Bonds, the lien position of the Series 1986 B Bonds shall be on a parity with the Series 2001 A Bonds, which shall be subordinate and junior (collectively, the "Subordinate Bonds") to the Series 1983 Bonds, which lien position is superior to the Subordinate Bonds.

J. An Independent Certified Public Accountant has verified that the Town does not meet the rate coverage and parity debt requirements of the Series 1983 Bonds and the Series 1986 B Bonds in order to issue the Series 2001 A Bonds. The Town hereby deems it necessary that a Rate Ordinance, which implements rates sufficient to permit the Town to satisfy the aforementioned rate coverage and parity debt requirements, be enacted at the earliest possible date and that the Rate Ordinance and enactment thereof, be in compliance with all requirements of the Act and the laws of the State and approved by the West Virginia Public Service Commission.

Due to the subordinate lien of the Series 2001 A Bonds, the consent of the holder of the Series 1983 Bonds to the issuance of the Series 2001 A Bonds is not required. The Town will obtain the written consent of the Authority, as holder of the Series 1986 B Bonds, to the issuance of the Series 2001 A Bonds on a parity with the Series 1986 B Bonds prior to the issuance of the Series 2001 A Bonds. Other than the Series 1986 B Bonds and the Series 1983 Bonds, there are no outstanding bonds or obligations of the Town which are secured by revenues or assets of the System.

K. The estimated revenues to be derived in each year from the operation of the System after (i) the refunding and defeasance of the Series 1986 A Bonds and (ii) the effective date of the rate increase will be sufficient to pay all Operating Expenses of the System and the principal of and interest on the Series 1986 B Bonds, the Series 1983 Bonds and the Series 2001 A Bonds and to make all other payments provided for in this Ordinance.

L. All things necessary to make the Series 2001 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Town according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2001 A Bonds, will be timely done and timely performed.

M. The Series 2001 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Town.

N. The Town is a governmental unit with general taxing powers.

O. The Series 2001 A Bonds are not private activity bonds as defined in the Code.

P. Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Series 2001 A Bonds will be issued for local governmental activities of the Town.

Q. The Town shall not permit at any time any of the proceeds of the Series 2001 A Bonds or other funds of the Town to be used directly or indirectly in any manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

R. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

S. The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2001 A Bonds by those who shall be the Bondholders of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2001 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. All capitalized terms used in this Ordinance and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" or "Refunding Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2001 A Bonds.

"Authority" means the West Virginia Water Development Authority, the original purchaser of the Series 1986 A Bonds and the Series 1986 B Bonds, or its successor.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

"Board" or "Sanitary Board" means the Sanitary Board of the Town.

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

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

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

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

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

"Bonds" means, collectively, the Series 2001 A Bonds, Series 1986 B Bonds, Series 1983 Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2001 A Bonds, in substantially the form set forth in EXHIBIT A - BOND FORM hereto.

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for the proceeds representing the original purchase price thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1986 A Bonds (which amount shall reflect the Authority's determination of the Redemption Price of the Series 1986 A Bonds), interest accruing or to accrue thereon, redemption, premiums, premiums for municipal bond insurance, if any, expenses for fiscal or other agents, legal expenses and any other costs

or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2001 A Bonds and the refunding of the Series 1986 A Bonds.

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

"Costs of Issuance" shall mean those costs of issuing the Series 2001 A Bonds, including, but not limited to, legal, accounting, fiscal agent fees and expenses and fees in connection therewith.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Town as Depository Bank.

"DTC" means the Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2001 A Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

"Governing Body" means the Council of the Town or any other governing body of the Town that succeeds to the functions of the Town Council as presently constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

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

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

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by a Bond Insurer simultaneously with the delivery of the Series 2001 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2001 A Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2001 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2001 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2001 A Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of 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.

"Ordinance" means this Ordinance and all resolutions and ordinances supplemental hereto or amendatory hereof.

"1986 Ordinance" means the ordinance, as supplemented of the Town, duly enacted July 31, 1986, authorizing the Series 1986 A Bonds and the Series 1986 B Bonds.

"1983 Ordinance" means the ordinance and the supplemental resolution of the Town, duly enacted October 14, 1983, authorizing the Series 1983 Bonds.

"Original Purchaser" means Ross, Sinclaire & Associates, Inc., Lexington, Kentucky, as the purchasers of the Series 2001 A Bonds directly from the Town, or, if the Town and such Original Purchaser do not agree to the purchase of the Series 2001 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2001 A Bonds directly from the Town, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Town shall agree to the purchase of the Series 2001 A Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Town at the time of approval of such sale of said Series 2001 A Bonds.

"Outstanding," when used with reference to the Series 2001 A Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Town. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission or other entity designated as such for the Series 2001 A Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by

a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Prior Bonds" means, collectively, the Series 1986 B Bonds and the Series 1983 Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Town enacted on July 31, 1986 and October 14, 1983, respectively, as supplemented, authorizing the issuance of the Series 1986 B Bonds and the Series 1983 Bonds.

"Purchase Price," for the purpose of computation of the Yield of the Series 2001 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2001 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2001 A Bonds of each maturity is sold or, if the Series 2001 A Bonds are privately placed, the price paid by the first buyer of the Series 2001 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2001 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2001 A Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association

to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2001 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Town.

"Redemption Date" means the date fixed for redemption of any Bonds of the Town called for redemption.

"Redemption Price" means the price at which any Bonds of the Town may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2001 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the 1986 Ordinance and continued hereby.

"Representation Letter" means the Letter Agreement among the Town, DTC and the Paying Agent.

"Revenue Fund" means the Revenue Fund created by the 1986 Ordinance and continued hereby.

"Series 1986 A Bonds" means the Town's Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, issued in the original aggregate principal amount of $490,364.

"Series 1986 B Bonds" means the Town's Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, issued in the original aggregate principal amount of $90,762.

"Series 1983 Bonds" means the Town's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original aggregate principal amount of $228,000.

"Series 2001 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2001 A, of the Town, originally authorized to be issued pursuant to this Ordinance.

"Series 2001 A Bonds Redemption Account" means the Series 2001 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2001 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2001 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2001 A Bonds.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund created by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Town following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2001 A Bonds and authorizing the sale of the Series 2001 A Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Town, including, without limitation, the Renewal and Replacement Fund and any reserve accounts.

"System" means the complete existing public sewerage system now owned by the Town, consisting of a sewage treatment and collection system and shall include any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said sewer system from any sources whatsoever, both within and without the Town.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

"Town" means Town of Alderson, a municipal corporation of the State of West Virginia, and, where appropriate, the Town Council and/or Sanitary Board of the Town.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of adoption of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1986 A Bonds Outstanding as of the date of issuance of the Series 2001 A Bonds are hereby ordered to be refunded and the pledge of Net Revenues in favor of the Holders of the Series 1986 A Bonds imposed by the 1986 Ordinance, the moneys in the funds and accounts created by the 1986 Ordinance pledged to payment of the Series 1986 A Bonds, and any other funds pledged by the 1986 Ordinance to payment of the Series 1986 A Bonds are hereby ordered terminated, discharged and released upon the payment to the Bond Commission for deposit in the Series 1986 A Bonds Sinking Fund from the proceeds of the Series 2001 A Bonds and from other moneys available therefor, of the following: (a) an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Series 1986 A Bonds; and (b) an amount to provide for the payment of the principal of and interest on the Series 1986 A Bonds, plus the premium, if any, as of October 1, 2001. Contemporaneously with the deposit of the proceeds of the Series 2001 A Bonds and other moneys into the Series 1986 A Bonds Sinking Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Series 1986 A Bonds shall be released from the lien created by the 1986 Ordinance and deposited, to the extent not already deposited therein, in the Series 1986 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account or such other fund or account as shall be set forth in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Bonds issued pursuant to this Ordinance after the issuance of the Series 2001 A Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium, if any, on the Series 2001 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Bondholder of $500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Bondholder.

In the event any Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Town shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2001 A Bonds shall be executed in the name of the Town by the Mayor, by his or her manual or facsimile signature, and the seal of the Town shall be affixed thereto or imprinted thereon and attested by the Recorder by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2001 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2001 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2001 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2001 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For

every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 A Bond shall become mutilated or be destroyed, stolen or lost, the Town may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Town and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town or the Registrar may prescribe and paying such expenses as the Town or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Town. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Town, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Town from the Revenue Fund and into the Series 2001 A Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first Mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing Mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such Mandatory Redemption Date, the Town may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Town on such Mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Town, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Town shall on or before the 60th day next preceding each Mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 2001 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Town and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Town on such Mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Town, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2001 A Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2001 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the Mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2001 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Town by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, if any, the

Original Purchaser and the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2001 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2001 A Bonds shall also be sent to registered securities depositories.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

(4) That on the Redemption Date, the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such moneys are not so deposited, the Registrar shall notify all holders of Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Town

shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Town, the Registrar and any agent of the Town or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Town may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Town shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying a portion of the costs of refunding all of the Series 1986 A Bonds of the Town, funding all or a portion of the Series 2001 A Bonds Reserve Account and paying costs in connection therewith, and paying certain costs of acquisition and construction of certain improvements and additions to the System, there shall be issued the Series 2001 A Bonds of the Town, in an aggregate principal amount of not more than $560,000. The Series 2001 A Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2001 A" and shall be issued in fully

registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2001 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2001 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2001 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Town shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2001 A Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2001 A Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2001 A Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2001 A Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2001 A Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Town or the Registrar either a Series 2001 A Bond or any other evidence of ownership of the Series 2001 A Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2001 A Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2001 A Bonds, the Town and the Registrar shall execute or signify their approval of a Representation Letter addressed to DTC in a form satisfactory to DTC. Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2001 A Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2001 A Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Town and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2001 A Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2001 A Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series

2001 A Bonds so redeemed, but DTC may return such Series 2001 A Bonds and make an appropriate notation on the Series 2001 A Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2001 A Bonds of such maturity which have been redeemed.

D. The Town, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2001 A Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2001 A Bonds, selecting the Series 2001 A Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2001 A Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Town nor the Registrar shall be affected by any notice to the contrary. Neither the Town nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2001 A Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2001 A Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2001 A Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2001 A Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2001 A Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2001 A Bonds; or (ii) the Town determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2001 A Bonds. In either of such events (unless in the case described in clause (ii) above, the Town appoints a successor securities depository), the Series 2001 A Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Town or the Registrar for the accuracy of such designation. Whenever DTC requests the Town and the Registrar to do so, the Town and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2001 A Bonds.

Section 3.12. Delivery of Bonds. The Town shall execute and deliver the Series 2001 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2001 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 2001 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Town, signed by an Authorized Officer, to authenticate and deliver the Series 2001 A Bonds to the Original Purchaser;

(C) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder;

(D) The unqualified approving opinion upon the Series 2001 A Bonds by Bond Counsel; and

(E) A copy of such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. The definitive Series 2001 A Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2001 A Bonds on behalf of the Town and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2001 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2001 A Bonds, the Town shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2001 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2001 A Bonds Sinking Fund and applied to payment of interest on the Series 2001 A Bonds at the first interest payment date.

B. An amount of the proceeds of the Series 2001 A Bonds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient

to accomplish the refunding and defeasance of the Series 1986 A Bonds (which amount shall be set forth in the Supplemental Resolution) shall be deposited in the Series 1986 A Bonds Sinking Fund.

C. An amount of the proceeds of the Series 2001 A Bonds equal to the Series 2001 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2001 A Bonds Reserve Account; provided that, to the extent the Series 2001 A Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1986 A Bonds pursuant to the 1986 Ordinance, proceeds of the Series 2001 A Bonds shall be deposited in the Series 2001 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2001 A Bonds Reserve Requirement.

D. An amount of the proceeds of the Series 2001 A Bonds which shall be sufficient to pay all costs of issuance shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Town solely to pay costs of issuance of the Series 2001 A Bonds and miscellaneous costs of refunding the Series 1986 A Bonds at the written direction of the Town. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred to the Series 2001 A Bonds Redemption Account. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2001 A Bonds.

E. The balance of any proceeds of the Series 2001 A Bonds and any moneys in any fund or account established for the Series 1986 A Bonds pursuant to the 1986 Ordinance, not used for any of the purposes set forth above, shall be deposited in the Construction Fund and shall be drawn out, used and applied by the Town solely to pay the costs of acquisition and construction of certain improvements and extensions to the System (the "Project"). All such costs of the Project shall be paid within 6 months of the Closing Date. Moneys not to be applied immediately to pay such costs of the Project may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2001 A Bonds.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Town hereby designates the Series 2001 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2001 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Town to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2001 A Bonds, have been or shall be issued by the Town, including all subordinate entities of the Town, during the calendar year 2001.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created with (or continued if previously established), and shall be held by, the Depository Bank, segregated and apart from all other funds or accounts of the Depository Bank and the Town and from each other:

(1) Revenue Fund (established by the 1986 Ordinance);

(2) Renewal and Replacement Fund (established by the 1986 Ordinance);

(3) Construction Fund;

(4) Costs of Issuance Fund; and

(5) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds or accounts are hereby created with (or continued if previously established), and shall be held by, the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission and the Town and from each other:

(1) Series 2001 A Bonds Sinking Fund;

(2) Within the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account; and

(3) Within the Series 2001 A Bonds Sinking Fund; the Series 2001 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Town covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the Town in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate

and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Town shall next, on the first day of each month, so long as the Series 1983 Bonds are outstanding, transfer from the Revenue Fund and simultaneously make the interest, principal and reserve account payments required to be made in connection with the Series 1983 Bonds, pursuant to Section 3.02B of the 1983 Ordinance.

(3) The Town shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to: (i) the Bond Commission the amounts required by the 1986 B Ordinance to pay the interest, if any, on and the principal of the Series 1986 Bonds; (ii) the Bond Commission commencing 6 months prior to the first interest payment date on the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2001 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2001 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2001 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2001 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2001 A Bonds Sinking Fund; and (iii) commencing 12 months prior to the first principal payment date or Mandatory Redemption Date of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, and in the Series 2001 A Bonds Redemption Account therein in

the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2001 A Bonds on the next ensuing principal payment date or Mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next ensuing annual principal payment date or Mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or Mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2001 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Town shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) the amount required by the 1986 Ordinance for deposit in the Series 1986 B Bonds Reserve Account; and (ii) for deposit in the Series 2001 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2001 A Bonds Reserve Account below the Series 2001 A Bonds Reserve Requirement or any withdrawal from the Series 2001 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2001 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2001 A Bonds Reserve Account is less than the Series 2001 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2001 A Bonds Reserve Account for deposit into the Series 2001 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2001 A Bonds Reserve Account to an amount equal to the Series 2001 A Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2001 A Bonds Reserve Account whenever

and as long as the amount deposited therein shall be equal to the Series 2001 A Bonds Reserve Requirement.

(5) The Town shall next, from the moneys remaining in the Revenue Fund (as previously set forth in the 1986 Ordinance and not in addition thereto) on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2001 A Bonds when due, when amounts in the Series 2001 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Town shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2001 A Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2001 A Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 2001 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

The Town shall restore any withdrawals from the Series 2001 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2001 A Bonds Reserve Requirement from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made to the Series 1983 Bonds and then, on a parity and pro rata, with respect to the Series 1986 B Bonds and the Series 2001 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Town at the times provided herein.

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

C. The Town shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any charges and fees then due.

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

E. If on any monthly payment date the Net 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 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

F. All remittances made by the Town to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Town shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Town 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 Town may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2001 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Town shall, or shall cause the Bond Commission to, semiannually transfer from the Series 2001 A Bonds Reserve Account to the Series 2001 A Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2001 A Bonds Reserve Account an amount at least equal to the Series 2001 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2001 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2001 A Bonds Reserve Account shall, at any time, be less than the applicable requirement therefor, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2001 A Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2001 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Town covenants that (i) it will restrict the use of the proceeds of the Series 2001 A Bonds in such manner and to such extent as may be necessary, so that the Series 2001 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2001 A Bonds) so that the interest on the Series 2001 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Town shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2001 A Bonds. In addition, the Town covenants to comply with all Regulations from time to time in effect and applicable to

the Series 2001 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

B. The Town shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Town shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Town shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Town to be used for any lawful purpose of the System. The Town shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Town shall assure that such payments are made by the Town to the United States, on a timely basis, from any funds lawfully available therefor. The Town at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Town may deem appropriate in order to assure compliance with this Section 5.03. The Town shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Agreement. The Town shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Holders of the Series 2001 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 A Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Town. The Series 2001 A Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account therein, and the unexpended proceeds of the Series 2001 A Bonds, all as herein provided. No Holder or Holders of the Series 2001 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town, if any, to pay the Series 2001 A Bonds or the interest thereon.

Section 6.03. Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund. The payment of the debt service of all of the Series 2001 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a second lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 B Bonds, both junior and subordinate to the lien on the Net Revenues in favor of the Holders of the Series 1983 Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Series 2001 A Bonds herein authorized, and to make the payments into the Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the interest on and principal of the Series 2001 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Town has been notified by its Independent Certified Public Accountant that its rates are not sufficient to meet the coverage tests of the Prior Ordinances. The Town hereby covenants that it will take proper steps to enact a Rate

Ordinance at the earliest possible date, and will ensure compliance with all requirements of the Act, the laws of the State and approval of the West Virginia Public Service Commission regarding the enactment of such rates.

The Town covenants that equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. Following the enactment of the aforementioned Rate Ordinance, the schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect, following the enactment of the aforementioned Rate Ordinance, 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 on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2001 A Bonds, including the Series 1986 B Bonds and the Series 1983 Bonds.

Section 6.05. Operation and Maintenance. The Town will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Section 6.06. Sale of the System. So long as the Series 1986 B Bonds and the Series 1983 Bonds are outstanding, the Town shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Ordinances authorizing the Series 1986 B Bonds and the Series 1983 Bonds. Additionally, so long as the Series 2001 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Ordinance in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 A Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2001 A Bonds Sinking Fund, and the Town shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2001 A Bonds. Any balance remaining after the payment of the Series 2001 A Bonds and

interest thereon shall be remitted to the Town by the Bond Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Town shall, by Ordinance, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Town shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by Ordinance duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Town to the Bond Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance. No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Town shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 6.07 and Section 6.08 hereof, the Town 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 2001 A Bonds. All obligations issued by the Town after the issuance of the Series 2001 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 2001 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 Town shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 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 2001 A Bonds and the interest thereon, if any, in this Ordinance, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Series 1986 B Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the 1986 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 2001 A Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Ordinances authorizing the Series 1986 B Bonds).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Town, the period for appeal of which has expired (without successful appeal) prior to the date of issuance of such Parity Bonds.

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

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Town shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountant, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2001 A Bonds on such revenues. The Town shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this

section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance with respect to the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Town shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

Any certifications requiring computations establishing that debt service coverage is sufficient to support the issuance of parity bonds or that requisite debt service savings are available to support the issuance of refunding bonds shall, in all cases, be evidenced by a certificate of an Independent Certified Public Accountant.

No additional bonds, notes, certificates, contracts or any other obligations shall be issued by the Town unless no Event of Default shall have occurred and be continuing with respect to the Bonds.

Section 6.09. Insurance and Bonds. The Town hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Town will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Town will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Town and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Town.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Town 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.

Section 6.10. No Free Services. The Town will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Town or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. 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 6.11. Enforcement of Collections. The Town will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due

and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, when due, shall become a lien on the premises served by the System. The Town further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the waterworks system, if so owned by the Town, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the Town, the Town shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as it shall direct.

The Town shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses,

and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Town shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Town shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Town shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Original Purchaser, the Bond Insurer and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort,

safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Town and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established 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 Town 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 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 2001 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds, and junior and subordinate to the statutory mortgage lien in favor of the Holders of the Series 1983 Bonds.

Section 6.17. Tax Covenants. The Town hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Town shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Town, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net

Proceeds of the Series 2001 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Town, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2001 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Town shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2001 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Town shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Town will take all actions that may be required of it so that the interest on the Series 2001 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Municipal Bond Insurance Policy. The Town may apply for a Municipal Bond Insurance Policy for the Series 2001 A Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Town may be required by the Bond Insurer as a condition to insuring the Series 2001 A Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2001 A Bonds, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2001 A Bonds;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2001 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Town by any Bondholder or any Bond Insurer;

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

(D) If default occurs with respect to the Series 1986 B Bonds or the Series 1983 Bonds or the Ordinances authorizing the Series 1986 B Bonds and the Series 1983 Bonds.

The Town must cure any covenant default within 30 days after notice of the default. Notwithstanding any other provision of this Ordinance, failure to pay principal of or interest on the Bonds shall be an immediate event of default and no notice shall be required.

No waivers shall be granted by any party to the Bond documents without the prior written consent of the Bond Insurer, if any.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Town to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the Bondholders; and/or

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2001 A Bonds shall be on a parity with those of the Holders of the Series 1986 B Bonds and junior and subordinate to those of the Holders of the Series 1983 Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

VIRGIL HELTON
State Tax Commissioner
Chair

JOHN D. PERDUE
State Treasurer

GLEN B. GAINER III
State Auditor

WEST VIRGINIA
MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street
Charleston, West Virginia 25301
(304) 558-3971
FAX (304) 558-1280

LARRY CHAPMAN
Member

JOHN ROACH
Member

SARA L. BOARDMAN
Executive Director

MEMO

To: Issuer

From: Sara Boardman
Executive Director

RE: Paid out bond transcripts

Enclosed is a copy of the bond transcript for a specific PAID OUT bond issue. Since the Municipal Bond Commission was listed as paying agent, we received this copy after the bond closing. This issue is paid out and no further transactions are required. Due to our limited storage we are returning this transcript for your files. You did receive the original information upon closing from your bond counsel and may still have those records. This is a copy of the same information given to you from your bond counsel. It is your discretion how you wish to retain this enclosed copy.

Please call our office or your bond counsel if you have any questions. We are returning this documentation for your files only. No further action is needed.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and the Holders of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Town and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the

appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Town and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2001 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Town is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2001 A Bonds shall be taken as statements of the Town, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2001 A Bonds by the Town. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2001 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, ordinance, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Town, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Town shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2001 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2001 A Bonds or this

Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2001 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Town and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 2001 A Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Town or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Town or by the Holders of a majority in principal amount of the Series 2001 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Town or by such Bondholders or their attorneys duly authorized in writing and delivered to the Town, as the case may be. Copies of each such instrument shall be delivered by the Town to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2001 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Town and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Town shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Town shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 2001 A Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Town shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Town written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any

Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Adoption of Authentication. In case any of the Series 2001 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2001 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.11. Paying Agent. The Bond Commission shall serve as the Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Town a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Town shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same Town as such Paying Agent to fill such vacancy; provided, however, that, if the Town shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agent shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2001 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Town on behalf of the Holders of the Series 2001 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

The Series 2001 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2001 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2001 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2001 A Bonds on and prior to the maturity date thereof, or if the Town irrevocably determines to redeem any of the Series 2001 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2001 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2001 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Town as received by the Bond Commission or said

escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.04 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2001 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Ordinance, shall be controlling. Following issuance of the Series 2001 A Bonds, this Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 2001 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2001 A Bonds or the rights of any Bond Insurer for such Series 2001 A Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2001 A Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Town before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2001 A Bond without the express written consent of the Holder of each Series 2001 A Bond so affected, nor reduce the percentage of Series 2001 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Town or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution

thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Town or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Town or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Town or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Town, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Town shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Town.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Town be paid by the Bond

Commission or said Paying Agent to the Town as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Town for the payment of such Bonds; provided, however, that, before making any such payment to the Town, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Town. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Town, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Town, the Registrar, the Paying Agent, the Depository Bank or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

TOWN

Town of Alderson
P.O. Box 179
Alderson, West Virginia 24910
Attention: Mayor

REGISTRAR

Fifth Third Bank
38 Fountain Square Plaza
MD 10AT60
Cincinnati, Ohio 45263
Attention: Corporate Trust Administration

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500-Terminal Building
Charleston, West Virginia 25301
Attention: Executive Director

DEPOSITORY BANK

[Name and address to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, Inc.
36 E. 7th Street, Suite 1550
Cincinnati, Ohio 45202
Attention: President

BOND INSURER

[Name and address, if any, to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Town or officer or employee of the Town shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Town, the Registrar, the Paying Agent, the Holders of the Series 2001 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Registrar, the Paying Agent, the Holders of the Series 2001 A Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, Ordinances or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Ordinances authorizing the Series 1986 B Bonds and the Series 1983 Bonds, the Ordinances authorizing the Series 1986 B Bonds and the Series 1983 Bonds shall control, unless less restrictive, so long as the Series 1986 B Bonds and the Series 1983 Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The West Virginia Daily News*, a newspaper of general circulation in Town of Alderson, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	August 9, 2001
Passed on Second Reading:	-	August 17, 2001
Passed on Final Reading Following Public Hearing:	-	August 31, 2001

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 31st day of August, 2001.

Harriette L. Williams
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of Town of Alderson on the 31st day of August, 2001.

Dated: this 13th day of September, 2001.

[SEAL]

Recorder

EXHIBIT A - BOND FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia in Monroe County of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Bondholder specified above, or registered assigns (the "Bondholder"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest

on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 199___ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Bondholder hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Bondholders not less than 10 days prior to said special record date at the address of such Bondholder as it appears on the registration books of the Town maintained by Fifth Third Bank, Cincinnati, Ohio, as registrar (in such capacity, the "Registrar"), or, at the option of any Bondholder of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Bondholder to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Town of Alderson (West Virginia) Sewer Refunding Revenue Bonds, Series 2001 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated September ___, 2001, the proceeds of which are to be used, together with other funds of the Town, (i) to currently refund all of the Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, of the Town outstanding in the total aggregate principal amount of $_____ (the "Series 1986 A Bonds"), which were issued to finance a portion of the cost of acquisition and construction of the public sewerage system of the Town (the "System"); (ii) to fund a reserve account for the Bonds; (iii) to pay certain costs of issuance of the Bonds and related costs; and (iv) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the System. 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Town on August 31, 2001, and supplemented by a supplemental Resolution duly adopted by the Town on September 10, 2001 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance 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 Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Bondholders of the Bonds and the Bondholders of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Town.

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 TOWN'S SEWER REVENUE BONDS, SERIES 1986 B, DATED AUGUST 18, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $90,762 (THE "SERIES 1986 B BONDS") (COLLECTIVELY, THE "SUBRODINATE BONDS") AND SUBORDINATE AND JUNIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE SEWER REVENUE BONDS, SERIES 1983, DATED OCTOBER 14, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $228,000 (THE "SERIES 1983 BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to _____. At the option of the Town, the Bonds will be subject to redemption prior to maturity on and after _____, _____, as a whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to mandatory sinking fund redemption prior to maturing on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bondholder of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Bondholder to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 B Bonds and subordinate and junior to the Series 1983 Bonds, and from moneys in the reserve account created under the Ordinance for the Bonds (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Ordinance, the Town 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 Series 1986 B Bonds and the Series 1983 Bonds.

All moneys received from the sale of this Bond except for accrued interest thereon shall be applied solely to refund the Series 1986 A Bonds, fund all or a portion of a reserve account for the Bonds, pay costs of acquisition and construction of certain additions, betterments and improvements to the System and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

IN WITNESS WHEREOF, the TOWN OF ALDERSON (WEST VIRGINIA) has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Bondholder on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

TOWN OF ALDERSON

Sewer System Revenue Refunding Bonds, Series 2001 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION AMENDING BOND ORDINANCE TO PROVIDE FOR ISSUANCE OF PUBLIC MARKET BONDS

WHEREAS, the town council (the "Governing Body") of the Town of Alderson (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective August 31, 2001 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $560,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ALDERSON SEWER SYSTEM REFUNDING BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ALDERSON DESIGNATED AS TOWN OF ALDERSON SEWER SYSTEM REVENUE BOND, SERIES 1986 A; AUTHORING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ALDERSON; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ALDERSON IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $560,000.000 WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ALDERSON MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS THERETO.

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

WHEREAS, the Governing Body has determined that the issuance of public market bonds is more advantageous to the Issuer and will result in significant additional savings to the Issuer;

WHEREAS, the Bond Ordinance does not provide certain language which is necessary for the issuance of public market bonds, which language does not substantively change the obligations of the Town under the Bond Ordinance;

WHEREAS, in order to issue public market bonds, the Bond Ordinance must be modified and amended to permit and allow for the issuance of public market bonds;

WHEREAS, Section 6.22 of the Bond Ordinance permits the Issuer to make any amendments, insertions or deletions by Supplemental Resolution of the Bond Ordinance as the Issuer deems desirable or necessary prior to the issuance of bonds;

WHEREAS, after due consideration, the Issuer deems the amendment of the Bond Ordinance to allow for the issuance of public market bonds both desirable and necessary and in the best interests of the residents of the Town;

WHEREAS, attached to this Supplemental Resolution as Exhibit A is a Conformed Ordinance which includes the amendments to the Bond Ordinance which are necessary to allow for the issuance of public market bonds; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Bond Ordinance be amended to be identical to the Conformed Ordinance attached hereto as Exhibit A;

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

Section 1. Pursuant to Section 6.22 of the Bond Ordinance, the Bond Ordinance is hereby amended so as to be identical to the Conformed Ordinance attached hereto as Exhibit A.

Section 2. That the aforementioned amendment is both desirable and necessary to allow the Issuer to obtain the maximum benefit from the refunding of the Issuer's outstanding Sewer Revenue Bonds, Series 1986 A, and is in the best interests of the residents of the Issuer.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 31st day of August, 2001.

Harriette L. Williams
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Alderson on the 31st day of August, 2001.

Dated: September 13, 2001.

[SEAL]

Recorder

09/10/01
006550.00001

EXHIBIT A

FORM OF CONFORMED ORDINANCE

(See Bond Ordinance, Tab 1)

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, OF TOWN OF ALDERSON; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, The Council (the "Governing Body") of the Town of Alderson (the "Issuer"), in the Counties of Greenbrier and Monroe, State of West Virginia, is a municipal corporation and political subdivision corporation of said State;

WHEREAS, the Governing Body duly and officially enacted an Ordinance on August 31, 2001 entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $560,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ALDERSON SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ALDERSON DESIGNATED AS THE TOWN OF ALDERSON SEWER SYSTEM REVENUE BOND, SERIES

1986 A; AUTHORING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ALDERSON; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ALDERSON IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $560,000.00 WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ALDERSON MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS THERETO.

WHEREAS, the Governing Body duly and officially adopted on August 31, 2001, a Supplemental Resolution (the "First Supplemental Resolution") which amended the aforementioned Ordinance which authorized the Series 2001 A Bonds to include provisions necessary to allow the Series 2001 A Bonds to be sold as public market bonds (the aforementioned Ordinance, as amended by the First Supplemental Resolution, is hereinafter referred to as the "Ordinance").

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

WHEREAS, the Ordinance provided for the refunding of the Issuer's Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986 (the "Series 1986 A Bonds"), and issuance of its Sewer Refunding Revenue Bonds, Series 2001 A (the "Series 2001 A Bonds"), in an aggregate principal amount not to exceed $560,000, for the purposes of paying a portion of the costs of such refunding, funding all or a portion of a reserve account for the Series 2001 A Bonds, paying costs of acquisition and construction of additions, betterments and improvements to the System, and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2001 A Bonds should be established, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Prepayment Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2001 A Bonds be provided for by a supplemental resolution of the Governing Body upon receipt of a Bond Purchase Agreement acceptable to the Governing Body;

WHEREAS, the Series 2001 A Bonds are proposed to be purchased by Ross, Sinclaire & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, dated September 10, 2001 (the "Bond Purchase Agreement"); and

WHEREAS, the Governing Body deems it essential and desirable that this Second Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2001 A Bonds, hereinafter described, be approved, that the dates, amounts, maturities, interest rates, redemption provisions, purchase price and other details of the Series 2001 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2001 A Bonds be herein provided for, all in accordance with the Ordinance;

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

Section 1. Pursuant to the Ordinance and the Act, this Second Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2001 A Bonds. The Series 2001 A Bonds shall be dated September 13, 2001, upon original issuance, shall be issued in the aggregate principal amount, bear interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2002, shall mature on October 1 in such years, and shall have such redemption provisions and other terms as are set forth in EXHIBIT A - SERIES 2001 A BOND TERMS, attached hereto and incorporated by reference herein. All other provisions relating to the Series 2001 A Bonds shall be as provided in the Resolution, and the Series 2001 A Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, dated September 10, 2001, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof

shall be and the same are hereby authorized, approved, and directed. 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 Series 2001 A Bonds, including the payment of all necessary fees and expenses in connection therewith. The price of the Series 2001 A Bonds, pursuant to the Bond Purchase Agreement, shall be $530,750 (par amount of $550,000, less Underwriter's Discount of $19,250), plus interest accrued, if any, from the date of the Series 2001 A Bonds to the date of delivery of the Series 2001 A Bonds, expected to be on or about September 13, 2001.

Section 3. The Prepayment Agreement by and between the West Virginia Municipal Bond Commission and the Issuer, dated the date of delivery of the Series 2001 A Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this Section

Section 4. The Issuer does hereby approve the transfer of $53,782 from the Series 1986 A Bonds Reserve Account, held by the West Virginia Municipal Bond Commission, to the Series 1986 A Bonds Sinking Fund to provide sufficient funds to defease the Series 1986 A Bonds.

Section 5. The Issuer has been notified by the Original Purchaser that a Continuing Disclosure Agreement is not required for the Series 2001 A Bonds.

Section 6. The Official Statement dated September 10, 2001 (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The distribution by the Original Purchaser of the Official Statement dated September 10, 2001 (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12, if any, and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 7. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2001 A Bonds,

substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 8. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2001 A Bonds.

Section 9. The Issuer does hereby appoint and designate Fifth Third Bank, Cincinnati, Ohio, West Virginia, for the purpose of serving in the capacity of Registrar and City National Bank, Alderson, West Virginia, as Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The proceeds of the Bonds in an amount sufficient to pay the outstanding principal of, interest on and redemption premium for the Series 1986 A Bonds as of October 1, 2001, shall be deposited with the Commission, together with other moneys of the Issuer in the Series 1986 A Bonds Sinking Fund and the Series 1986 A Bonds Reserve Account, to accomplish the prepayment and refunding of the Series 1986 A Bonds.

Section 12. The proceeds of the Bonds in an amount sufficient to fully fund the Series 2001 A Bonds Reserve Account shall be deposited with the Paying Agent in the Series 2001 A Bonds Reserve Account.

Section 13. The remaining proceeds of the Bonds shall be deposited with the Depository Bank in the Costs of Issuance and Construction Fund for payment of the costs of issuance of the Bonds and capital improvements of the System. All costs of issuance shall be paid within 60 days from the date of delivery of the Bonds. The remaining proceeds of the Bonds, including any moneys released by the Commission, shall be deposited to the Construction Fund and applied solely to capital improvements of the System and shall be fully expended within six months from the date of delivery of the Bonds.

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

Section 15. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

Fifth Third Bank
Trust Department
38 Fountain Square Plaza
Mail Drop 10 AT 60
Cincinnati, Ohio 45263
Attention: Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
#8 Capitol Street, Suite 500
Charleston, WV 25301
Attention: Executive Director

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, Inc.
36 E. 7th Street, Suite 1550
Cincinnati, Ohio 45202
Attention: Public Finance

Section 16. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2001 A Bonds, as set forth in EXHIBIT A - SERIES 2001 A BOND TERMS, attached hereto, it is hereby determined that the Series 2001 A Bonds show a net savings to the Issuer after deducting all expenses of the refunding. Prior to delivery of the Series 2001 A Bonds, the Issuer shall have obtained from Jeffrey S. Feamster, CPA or such other independent certified public accountant acceptable to the Mayor, a certification that the amount of savings stated to be achieved by the refunding shall in fact be correct, based upon their review, comparison and analysis of the total net debt service in dollars of the Series 2001 A Bonds and the total net debt service in dollars of the Series 1986 A Bonds. The Mayor is hereby authorized and directed to employ Jeffrey S. Feamster, CPA, Lewisburg, West Virginia, or such other independent certified public accountant satisfactory to Bond Counsel, to supply the certification required herein and to take other actions required in connection with the refunding.

Section 17. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2001 A Bond issue to the end that the Series 2001 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 18. The prepayment and refunding of the Series 1986 A Bonds and the financing thereof in part with proceeds of the Bonds will result in present value debt service savings for the Issuer, are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 19. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations to be promulgated thereunder.

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

Adopted this 10th day of September, 2001.

Harriette L. Williams
Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Second Supplemental Resolution duly adopted by the Council of TOWN OF ALDERSON on the 10th day of September, 2001.

Dated this 13th day of September, 2001.

[SEAL]

Recorder

EXHIBIT A - SERIES 2001 A BOND TERMS

TERM BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Price
AR-1	014363 AA 3	October 1, 2005	$ 50,000	5.00%	100%
AR-2	014363 AB 1	October 1, 2011	$100,000	5.00%	100%
AR-3	014363 AC 9	October 1, 2016	$110,000	5.50%	100%
AR-4	014363 AD 7	October 1, 2025	$140,000	5.80%	100%
AR-5	014363 AE 5	October 1, 2021	$150,000	5.85%	100%

OPTIONAL REDEMPTION

Beginning on October 1, 2011 the Bonds maturing thereafter are subject to redemption prior to maturity at the option of the Town, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
October 1, 2001 to September 30, 2012	101%
October 1, 2012 and thereafter	100%

MANDATORY SINKING FUND REDEMPTION

The Series 2001 A Bonds maturing on October 1, 2005, 2011, 2016, 2021 and 2025 (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to maturing on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption, plus interest accrued to the date fixed for redemption:

$50,000 Series 2001 A Bonds, due October 1, 2005

Year	Amount
2002	$ 10,000.000
2003	$ 10,000.000
2004	$ 15,000.000
2005	$ 15,000.000*

*Final Maturity

$100,000 Series 2001 A Bonds, Due October 1, 2011

Year	Amount
2006	$ 15,000.000
2007	$ 15,000.000
2008	$ 15,000.000
2009	$ 15,000.000
2010	$ 20,000.000
2011	$ 20,000.000*

*Final Maturity

$110,000 Series 2001 A Bonds, Due October 1, 2016

Year	Amount
2012	$ 20,000.000
2013	$ 20,000.000
2014	$ 20,000.000
2015	$ 25,000.000
2016	$ 25,000.000*

*Final Maturity

$140,000 Series 2001 A Bonds, Due October 1, 2021

Year	Amount
2017	$ 25,000.00
2018	$ 25,000.00
2019	$ 30,000.00
2020	$ 30,000.00
2021	$ 30,000.00*

*Final Maturity

$150,000 Series 2001 A Bonds, Due October 1, 2025

Year	Amount
2022	$ 35,000.00
2023	$ 35,000.00
2024	$ 40,000.00
2025	$ 40,000.00*

*Final Maturity

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Murray Sinclaire, Jr., President of Ross, Sinclair & Associates, Inc., (the "Underwriter"), for and on behalf of the Underwriter, and the Mayor of the Town of Alderson (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 13th day of September, 2001, in New York, New York, the Underwriter received the entire original issue of $550,000 in aggregate principal amount of the Town of Alderson (West Virginia) Sewer Refunding Revenue Bonds, Series 2001 A (the "Bonds"). The Bonds, as so received on original issuance, are in various denominations, are dated September 13, 2001, and are numbered from AR-1 upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds, they had been executed by Harryette Williams as Mayor of the Issuer by his or her manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by John C. McCurdy as Recorder of the Issuer by his or her manual signature, and had been authenticated by an authorized officer of Fifth Third Bank, Cincinnati, Ohio, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, the proceeds of the Bonds, as follows:

Par Amount	$550,000
Less: Underwriter's Discount	19,250
Total	$530,750

Payment for the Bonds was made in immediately available funds (federal funds wire) in the amount of $530,750.00.

WITNESS our respective signatures this 13th day of September, 2001.

ROSS, SINCLAIR & ASSOCIATES, INC.

By: _____
Its: President

TOWN OF ALDERSON

By: Harriette L. Williams
Its: Mayor

09/10/01
006550.00001

CH472751.1

Dated this 13th day of September, 2001.

TOWN OF ALDERSON

By Harriette L Williams
Its: Mayor

09/10/01
006550.00001

CH472761.1

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1

SPECIMEN

$50,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.00%	October 1, 2005	September 13, 2001	014363AA3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier and Monroe Counties of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Bondholder specified above, or registered assigns (the "Bondholder"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2002 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for

prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Bondholder hereof as of the applicable Record Date (each April 1 and October 1) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Bondholders not less than 10 days prior to said special record date at the address of such Bondholder as it appears on the registration books of the Town maintained by Fifth Third Bank, Cincinnati, Ohio, as registrar (in such capacity, the "Registrar"), or, at the option of any Bondholder of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Bondholder to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $1,121,222 designated "Town of Alderson (West Virginia) Sewer Refunding Revenue Bonds, Series 2001 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated September 13, 2001, the proceeds of which are to be used, together with other funds of the Town, (i) to current refund all of the Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, of the Town outstanding in the total aggregate principal amount of $454,528 (the "Series 1986 A Bonds"), which were issued to finance a portion of the cost of acquisition and construction of the public sewerage system of the Town (the "System"); (ii) to fund a reserve account for the Bonds; (iii) to pay certain costs of issuance of the Bonds and related costs; and (iv) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the System. 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Town on August 31, 2001, and supplemented by a supplemental Resolution duly adopted by the Town on September 10, 2001 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance 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 Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Town, the Registrar, the Paying Agent, the Bondholders of the Bonds and the Bondholders of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Town.

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 TOWN'S SEWER REVENUE BONDS, SERIES 1986 B, DATED AUGUST 18, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $90,762 (THE "SERIES 1986 B BONDS") (THE BONDS AND THE SERIES 1986 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "SUBRODINATE BONDS") AND SUBORDINATE AND JUNIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE SEWER REVENUE BONDS, SERIES 1983, DATED OCTOBER 14, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $228,000 (THE "SERIES 1983 BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. Beginning on October 1, 2011, the Bonds thereafter are subject to redemption prior to maturity at the option of the Town, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
October 1, 2001 to September 30, 2012	101%
October 1, 2012 and thereafter	100%

(B) Mandatory Sinking Fund Redemption. The Series 2001 A Bonds maturing on October 1, 2005, 2011, 2016, 2021 and 2025 (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to maturing on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption, plus interest accrued to the date fixed for redemption:

$50,000 Series 2001 A Bonds, due October 1, 2005

Year	Amount
2002	$ 10,000.000
2003	$ 10,000.000
2004	$ 15,000.000
2005	$ 15,000.000*

*Final Maturity

$100,000 Series 2001 A Bonds, Due October 1, 2011

Year	Amount
2006	$ 15,000.000
2007	$ 15,000.000
2008	$ 15,000.000
2009	$ 15,000.000
2010	$ 20,000.000
2011	$ 20,000.000*

*Final Maturity

$110,000 Series 2001 A Bonds, Due October 1, 2016

Year	Amount
2012	$ 20,000.000
2013	$ 20,000.000
2014	$ 20,000.000
2015	$ 25,000.000
2016	$ 25,000.000*

*Final Maturity

$140,000 Series 2001 A Bonds, Due October 1, 2021

Year	Amount
2017	$ 25,000.00
2018	$ 25,000.00
2019	$ 30,000.00
2020	$ 30,000.00
2021	$ 30,000.00*

*Final Maturity

$150,000 Series 2001 A Bonds, Due October 1, 2025

Year	Amount
2022	$ 35,000.00
2023	$ 35,000.00
2024	$ 40,000.00
2025	$ 40,000.00*

*Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Town by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bondholder of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Bondholder to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or

portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 B Bonds and subordinate and junior to the pledge of Net Revenues in favor of the holders of the Series 1983 Bonds, and from moneys in the reserve account created under the Ordinance for the Bonds (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Ordinance, the Town 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 Series 1986 B Bonds and the Series 1983 Bonds.

All moneys received from the sale of this Bond except for accrued interest thereon shall be applied solely to refund the Series 1986 A Bonds, fund all or a portion of a reserve account for the Bonds, pay costs of acquisition and construction of certain additions, betterments and improvements to the System and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

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

IN WITNESS WHEREOF, the TOWN OF ALDERSON (WEST VIRGINIA) has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Bondholder on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: September 13, 2001.

FIFTH THIRD BANK, as Registrar

By _____
Its Authorized Officer

SPECIMEN

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

09/10/010
006550.00001

CH472894

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2

SPECIMEN

$100,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.00%	October 1, 2011	September 13, 2001	014363AB1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier and Monroe Counties of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Bondholder specified above, or registered assigns (the "Bondholder"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2002 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3

SPECIMEN

$110,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.50%	October 1, 2016	September 13, 2001	014363AC9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier and Monroe Counties of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Bondholder specified above, or registered assigns (the "Bondholder"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2002 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4

SPECIMEN

$140,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.80%	October 1, 2021	September 13, 2001	014363AD7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier and Monroe Counties of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Bondholder specified above, or registered assigns (the "Bondholder"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2002 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Town or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5

SPECIMEN

$150,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.85%	October 1, 2025	September 13, 2001	014363AE5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier and Monroe Counties of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Bondholder specified above, or registered assigns (the "Bondholder"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Town shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2002 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for

COMMON LAW ORDERS--Monroe Circuit Court.

Octo. Term, 2d Day, Tuesday Oct 4th 1881

In an application for Certificate of Incorporation of the town of Alderson.

A certificate under oath of Wm Kund W. Y. Irons, and Charles Tincher, that a majority of the voters residing in the following boundary, to wit: Beginning on a double oak on a cliff South of Greenbrier river between the lands of George Alderson and William Boa, thence due North to a water beech tree on North bank of Greenbrier river, opposite the west end of island above Alderson, 47 rods, thence 19° N of W. to a small sycamore tree south side of Johnson's island, 380 rods thence due South to a large sugar tree on a cliff South of Greenbrier river in Graham's field, 96 rods; thence 19° S of E. to a corner tree between lots of Geo Alderson, Taylor Mann and H K Laird, 171 rods; thence 2° W of S. to an old black oak tree in George Alderson's field near the road South of Alderson 49 rods: thence 16° N. of E. to the beginning, 244 rods: have been given in due form of law in favor of the incorporation of the town of Alderson in the County of Monroe bounded as herein set forth. And it appearing to the satisfaction of the Court that all the provisions of Chapter 47 of the Code of West Virginia have been complied with by the applicants for said incorporation, the said town of Alderson is duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said Chapter 47 of the Code of W Va. from and after the date of this certificate

Wilson Maddy vs W L. Maddy } In Apt

R B Gwinn for &c vs W L. Maddy } In Debt

By consent and agreement of the parties to these two causes by their attys the order entered in each on yesterday are hereby set aside and annulled and the causes ordered to be reinstated upon the docket.

19

COMMON LAW ORDERS - Monroe Circuit Court.

April Term. 5 1901

Book

In the matter of a change in the Corporate limits of the town of Alderson West Va.

This day personally appeared the Town of Alderson by its attorney Geo J. Thompson, who filed a certificate of the Council of said Town showing that a change has been in the Corporate limits thereof in the manner required by law, and that by such change the said Corporate limits are as follows:

Beginning at a large double sycamore on the south side of the Island branch just below Mrs M J Leach's residence (the Mill dock house) and starting from the North west Corner of the present Corporation line and running N. 37 E. taking in the Leach house 52 poles to a large locust stump near a small locust in the North west Corner of A. R. Lipps orchard, thence N. 70½ E 146 poles to a locust on top of the hill on J F. Mays' place; thence N. 59½ 72 poles to a pile of Stones in J P. Bobbett's field, thence S 50 E running so as to take in the residence of J P. Bobbett, J C. Wordson and J. N. Leach crossing the road at Wordson's at 37 poles passing large black oak on the hill at 76 poles, 133 poles to a hickory in the south

IN THE COUNTY COURT OF GREENBRIER COUNTY, WEST VIRGINIA

IN THE MATTER OF THE TOWN OF
ALDERSON, a Municipal Corporation

O R D E R

This cause came to be heard on this 27th day of December, 1979, upon the petition of the Town of Alderson, a Municipal Corporation, which petition was filed on the 11th day of December 1979, pursuant to notice of a hearing, which notice was published in the West Virginia Daily News, a newspaper of general circulation and the Alderson area, said notice having been published once a week for two (2) successive weeks as required by law, at which hearing appeared, the Town of Alderson, by its attorney, Jesse O. Guills, Jr., by its Recorder and Acting Mayor, Sterling Hanger, Jr. and other persons affected by the annexation sought by said petition. After hearing all of the evidence in this matter, and there being no substantial objection by freeholders or residents of said area, to be annexed, the County Court does hereby ADJUDGE, ORDER and DECREE that the prayer of said petition be granted and the area described by said petition shall be and becomes, henceforth, incorporated within the town limits of the Town of Alderson, which area is described as follows:

"Beginning at the present corporate line along Chase Street and on the eastern right-of-way line of West Virginia Route 12 and with the eastern right-of-way line of West Virginia Route 12 which lies 30 feet east of West Virginia Route 12 and is parallel to the center line which center line is described as beginning at Station 17 + 38.40 along a radius of 381.97 feet pro-

ceeding 106.91 feet to Station 18 + 45.31; thence proceeding N 67 14' E 607.62 feet to Station 24 + 51.51; thence with a curve to the left having a radius of 381.97 feet, proceeding 270.67 feet to Station 27 + 22.18; thence proceeding N 26° 38' E 2278.52 feet to a point; thence crossing West Virginia Route 12 on a bearing of N 58° 13' W 409.90 feet to a point on the northeastern corner of a 5 acre tract thence S 37° 02' W 189.79 feet to a point; thence S 40° 51' W 60 feet to a point in property line which is common to a point obtained by extending the present corporation line; thence 350 feet plus or minus in a northwesterly direction to a point which is the present northeasterly corner of the corporate limits of the Town of Alderson; (this point lies 430 feet north of the point of intersection of Chase Avenue and Hemlock Avenue); thence with the present corporate limits along Chase Street in a southeasterly direction 2518 feet to the point of beginning and containing 45.45 acres, more or less, as surveyed by R. Don Bryant, Registered Professional Engineer No. 2264, in July, 1979.

Given under my hand this 31st day of December, 1979.

W. W. McClung

President of Greenbrier County Court

WEST VIRGINIA, Greenbrier County Commission Special Session December 27, 1979 10 o'clock A. M.

At a Special Session of the Greenbrier County Commission held at 10 o'clock A. M., December 27, 1979, with all members present, Jesse O. Guills, Jr., Attorney for the town of Alderson informed the Commission that proper notice was served and published for two consecutive weeks and that all other legal requirements had been met in the case of annexation by, minor boundary adjustment, 45.45 acres, more or less, into the town of Alderson.

The town requeste an order be entered to annex the monor boundary adjustment.

Residents of the acreage in question, who spoke their views on this annexation included Charles Eary, Sterling Hanger, Mrs. England, Coleman Highlander, and Charles Berry.

Guills pointed out that no substantial objection was brought out, and it is the opinion of the town of Alderson and it's attorney that the County Commission entered an order approving the proposed annexation.

It is ordered that this Session stand adjourned until
Friday, December 28, 1979, at 1 o'clock P. M..

WEST VIRGINIA, Greenbrier County Commission Special Session December 28, 1979 1 o'clock P. M.

Continuation of the hearing on the Alderson annexation was heard with all commission members present, along with their legal advisor, Prosecuting Attorney, Ralph E. Hayes.

Hayes advised the Commission to determine whether the city had complied with the provisions of the law (8-6-5). If the Commission finds there has been compliance, then an order to annex should be entered. If not, an order to dismiss should be entered.

It is the opinion of the Greenbrier County Commission that the Town of Alderson, West Virginia, Greenbrier County, has complied with all statutory rules and regulations and an order to annex 45.45 A., more or less, on the Northeast side of Alderson is this day entered.

This Commission hereby stands adjourned until the next regular term.

J. P. McClung
President

IN THE COUNTY COMMISSION OF GREENBRIER COUNTY, WEST VIRGINIA

IN THE MATTER OF THE TOWN OF ALDERSON, A MUNICIPAL CORPORATION

ORDER

This cause came to be heard on this 14th day of December, 1982, upon the petition of the Town of Alderson, a Municipal Corporation, which petition was filed on the 14th day of December, 1982, pursuant to notice of a hearing, which notice was published in the West Virginia Daily News, a newspaper of general circulation in the area, said notice having been published once a week for two successive weeks as required by statue, at which hearing appeared, the Town of Alderson, by its Attorney, Jesse O. Guills, Jr., and by its Mayor, Don Bryant, and other persons effected by the annexation sought by said petition. After hearing all the evidence in this matter, and there being no objections filed by any freeholder of said area, to be annexated, the court does hereby ADJUDGE, ORDER AND DECREE that the prayer of said petition be granted and the area described in said petition shall be and becomes, hencefore, incorporated within the town limits of the Town of Alderson, which area is described as follows:

A tract of land in Blue Sulphur District, Greenbrier County, West Virginia, on the south side of the Town of Alderson, and being more particularly bounded and described as follows:

"Beginning at western edge of 30 Secondary Route 3/2, said point of beginning lying N 37° 00' E, 200 feet, more or less, from western-most corner of Alderson, Greenbrier County, proceed with westerly edge of road, N 61° 04' W 45 feet, more or less, to P.T., Sta. 1+79.92, thence N 61° 04' W 55 feet, to P.C. Sta. 2+19.32, thence with curve to right and radius of 96.39 feet, proceed 115.52 feet to P.T. Sta. 3+19.28, thence proceed N 1° 38' 40" E, 261.94 feet to P.C. sta. 5+81.22, thence with curve to right and a radius of 211.53

feet, proceed 150.45 feet to P.T. Sta. 7+21.01, thence proceed N 45° 41' 20° E, 103.22 feet to P.C. 8+24.23, thence with curve to the left and a radius of 135.00 feet, proceed 120.37 feet to P.T. Sta. 9+57.97, thence proceed N 5° 23' 48" W, 502.03 to corner, thence across road S 79° 35' 08" E, 30 feet to corner of Alderson Manor Property, thence with Alderson Manor and Cemetery, proceed S 79° 35' 08" E, 428.50 feet to corner, thence S 11° 02' 48" W, 23.72 feet to corner, thence proceed S 79° 28' 11" E, 79.95 feet to corner, thence leaving cemetery and with C. L. Lohban property, proceed S 10° 06' 31" W, 610.34 feet to corner, thence proceed S 20° E to a corner of present corporate line of Alderson, said corner being the easterly end of original bearing, N 37° 00' E and distance of 858, thence along this line, proceed S 37° 00' W. 658 feet, more or less, to the point of beginning and containing 10.65 acres, more or less, as determined from plat by R. Don Bryant, Registered Professional Engineer, No. 2264."

Given under my hand this 14th day of December, 1982.

President, County Commission of
Greenbrier County, West Virginia

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING · 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2916

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, Harryette L. Williams, who have been duly appointed to the office of 29th of June 2001, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

Harryette L. Williams

Subscribed and sworn to before the undersigned,

this 29th day of June, 2001.

John E. Stott

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING · 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2916

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, John C. McCoy, who have been duly appointed to the office of Recorder, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

John C. McCoy

Subscribed and sworn to before the undersigned,

this 29 day of June, ~~19~~ 2001.

John E. Stutler

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING · 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2916

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, E. STERLING HANGER, JR., who have been duly appointed to the office of COUNCIL MEMBER, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

E. Sterling Hanger Jr.

Subscribed and sworn to before the undersigned,

this 29TH day of JUNE, ~~19~~ 2001.

John E. Stull

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING · 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2918

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, Ann H. Eskins, who have been duly appointed to the office of Council member, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

Ann H. Eskins

Subscribed and sworn to before the undersigned,

this 29th day of June, ~~19~~ 2001

John E. Stull

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING - 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2918

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, Darrell Williams, who have been duly appointed to the office of Council Member, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

Darrell Williams

Subscribed and sworn to before the undersigned,

this 29 day of June, 19 2001.

John E. Stull

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING · 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2818

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, Julia Anne Parker, who have been duly appointed to the office of Council Member do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

Julia A. Parker
6/29/2001

Subscribed and sworn to before the undersigned,

this 29 day of June, ~~19~~ 2001.

John E. Stutler

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON
POST OFFICE BOX 113
CITY BUILDING · 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2916

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTIES OF GREENBRIER AND MONROE, TOWN OF ALDERSON, to wit:

I, Jeffrey A. Black, who have been duly appointed to the office of Council, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Ordinances of the Town of Alderson, and that I will truly and faithfully perform all the duties of said office, during my continuance therein, to the best of my skill and judgement. So help me God.

Jeffrey A. Black

Subscribed and sworn to before the undersigned,

this 10 day of July, ~~19~~ 2001.

John E. Stull

NOTE: ORIGINAL EXECUTED COPY MUST BE FILED WITH THE TOWN RECORDER.

TOWN OF ALDERSON

ORDINANCE CREATING A SANITARY BOARD
TOWN OF ALDERSON

WHEREAS, the Town of Alderson contemplates the issuance of its Sewer Revenue Bonds, and, pending issuance of such Bonds and receipt of certain grants from various federal, state and local agencies, issuance of construction notes, bond anticipation notes, grant anticipation notes or other interim borrowing, to finance the acquisition, construction and operation of a public sewerage system, and additions, extensions and improvements thereto (the "System"), pursuant to Article 13 of Chapter 16 of the Official West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a Sanitary Board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF ALDERSON AS FOLLOWS:

Section 1. That the Council of the Town of Alderson does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town of Alderson, and two persons appointed by the Council, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town of Alderson, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least one year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of two thousand dollars for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the town for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town of Alderson.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this chapter and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the town beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of one thousand dollars shall be made without advertising for bids, which bids shall be

publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this chapter shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall

be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Bonding of Employees Who Handle Money. The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.

Mayor

ATTEST:

Recorder

First Reading: September 8, 1983

Enacted on Second Reading: September 15, 1983

10/13/83
ALDER1-U

ON FILE WITH TOWN

TOWN OF ALDERSON
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

MINUTES ON ADOPTION OF BOND
ORDINANCE AND SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Recorder of the Town of Alderson hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of said Town:

*** *** ***

The Town Council of the Town of Alderson met in special session, pursuant to notice duly posted, on the 31st day of August, 2001, in Alderson, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Harryette L. Williams	-	Mayor
	John C. McCurdy	-	Recorder
	Susan Honaker	-	Treasurer-Clerk
	Ann E. Eskins	-	Council Member
	Julie Ann Parker	-	Council Member
	E. Sterling Hanger, Jr.	-	Council Member
	John Stump, Esquire	-	Bond Counsel
ABSENT:	Jeffrey Black	-	Council Member
	Carroll Willis	-	Council Member

Harryette L. Williams, Mayor, presided, and John McCurdy acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

*** *** ***

Thereupon, the Mayor presented a proposed Bond Ordinance in writing entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $560,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ALDERSON SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ALDERSON DESIGNATED AS THE TOWN OF ALDERSON SEWER SYSTEM REVENUE BOND, SERIES 1986 A; AUTHORING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ALDERSON; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ALDERSON IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $560,000.00 WHICH,

ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ALDERSON MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS THERETO.

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

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

SUPPLEMENTAL RESOLUTION AMENDING BOND ORDINANCE TO PROVIDE FOR ISSUANCE OF PUBLIC MARKET BONDS

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

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn at 8:00 p.m.

/s/ John C. McCurdy
Recorder

CERTIFICATION

I hereby certify that the foregoing action of the Town of Alderson remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 13th day of September, 2001.

Recorder

09/10/01
006550/00001

CH472828.1

TOWN OF ALDERSON
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

MINUTES ON ADOPTION SECOND SUPPLEMENTAL RESOLUTION,
SEWER RATE ORDINANCE AND WATER RATE ORDINANCE

The undersigned duly appointed Recorder of the Town of Alderson hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of said Town:

*** *** ***

The Town Council of the Town of Alderson met in special session, pursuant to notice duly posted, on the 10th day of September, 2001, in Alderson, West Virginia, at the hour of 5:00 p.m.

PRESENT:	Harryette L. Williams	-	Mayor
	John C. McCurdy	-	Recorder
	Susan Honaker	-	Treasurer-Clerk
	Jeffrey Black	-	Council Member
	Julia Ann Parker	-	Council Member
	Carroll Willis	-	Council Member
	John Stump, Esquire	-	Bond Counsel
ABSENT:	E. Sterling Hanger, Jr.	-	Council Member
	Ann E. Eskins	-	Council Member

Harryette L. Williams, Mayor, presided, and John McCurdy acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

*** *** ***

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

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 2001 A, OF TOWN OF ALDERSON; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

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

Next, the Mayor presented a proposed Sewer Rate Ordinance in writing entitled:

AN ORDINANCE INCREASING THE RATES, FEES AND CHARGES FOR SERVICE FOR CUSTOMERS OF THE SEWAGE SYSTEM OF THE TOWN OF ALDERSON.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by John McCurdy, and seconded by Jeffrey Black, it was unanimously ordered that said Sewer Rate Ordinance be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Water Rate Ordinance in writing entitled:

AN ORDINANCE SETTING FORTH WATER RATES, CONNECTION CHARGES, RECONNECTION CHARGES, DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF ALDERSON.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by John McCurdy, and seconded by Jeffrey Black, it was unanimously ordered that said Water Rate Ordinance be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn at 6:00 p.m.

/s/ John C. McCurdy
Recorder

CERTIFICATION

I hereby certify that the foregoing action of the Town of Alderson remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 13th day of September, 2001.

Recorder

09/10/01
006550/00001

CH472835.1

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

September 13, 2001

$550,000
Town of Alderson
Sewer Refunding Revenue Bonds, Series 2001 A

Town of Alderson
Alderson, West Virginia

Ross, Sinclaire & Associates, Inc.
Cincinnati, Ohio

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Alderson (the "Issuer") and examined a record of proceedings relating to the issuance by the Issuer of its $550,000 in aggregate principal amount Sewer System Refunding Revenue Bonds, Series 2001 A (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on August 31, 2001, as supplemented by Supplemental Resolutions duly adopted by the Issuer on August 31, 2001 and September 10, 2001 (collectively, the "Ordinance") and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance.

The Bonds are issued in fully registered form, are dated September 13, 2001, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing October 1, 2005, as follows:

Maturity	Amount	Interest Rate
2005	$ 50,000	5.00%
2011	$100,000	5.00%
2016	$110,000	5.50%
2021	$140,000	5.80%
2025	$150,000	5.85%

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The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of paying a portion of the costs necessary to (i) current refund all of the Issuer's outstanding Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, issued in the original aggregate principal amount of $490,364, of which $454,528 is presently outstanding (the "Series 1986 A Bonds"); (ii) fund a reserve account for the Bonds; (iii) pay costs of issuance of the Bonds and other costs in connection with such refunding; and (iv) pay the costs of acquisition and construction of certain additions, betterments and improvements to the Issuer's public sewerage system (the "System").

The Bonds have been sold to Ross, Sinclaire & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September 10, 2001, and accepted by the Issuer (the "Purchase Agreement").

Except as specifically set forth in our opinion of even date herewith rendered to Ross, Sinclaire & Associates, Inc., as Underwriter, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement, dated September 10, 2001 (the "Official Statement"), or other offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Ordinance, the Tax and Non-Arbitrage Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Ordinance and the Tax and Non-Arbitrage Certificate and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to refund the Series 1986 A Bonds, enact the Ordinance, enter into the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Purchase Agreement and

has issued and delivered the Bonds to the Purchaser pursuant to the Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under the laws, regulations, published rulings and judicial decisions of the United States of America existing on the date hereof, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds except as expressly set forth in paragraph 5.

5. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded

obligations) during the calendar year 2001. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

7. The Series 1986 A Bonds have been paid within the meaning and with the effect expressed in the 1986 Ordinance, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1986 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission relating to the sufficiency of the moneys on deposit in the Series 1986 A Bonds Sinking Fund to provide for the payment on October 1, 2001 of the principal of and interest on the Series 1986 A Bonds and the redemption premium as determined by the Registered Owner of the Series 1986 A Bonds.

8. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

9. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Ordinance and secured by a second lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, and junior and subordinate to the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, all in accordance with the terms of the Bonds and the Ordinance.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

Steptoe & Johnson PLLC

STEPTOE & JOHNSON PLLC

09/10/01
006550/00001

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Writer's Contact Information

September 13, 2001

$550,000
Town of Alderson
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2001 A

Town of Alderson
Alderson, West Virginia

Ross, Sinclaire & Associates, Inc.
Cincinnati, Ohio

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by the Town of Alderson (the "Town") of its $550,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2001 A (the "Series 2001 A Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2001 A Bonds and the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated September 10, 2001, between the Town and Ross, Sinclaire & Associates, Inc. (the "Underwriter"), and approved by the Town.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been authorized, executed and delivered by the Town and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the Town (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' right generally).

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(2) The Town, under the Act, has full power and authority to enact the Ordinance, enter into the Purchase Agreement and perform its obligations thereunder.

(3) The Official Statement has been duly approved, signed and delivered by the Town, and the Town has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2001 A Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "The Series 2001 A Bonds," "Security for the Series 2001 A Bonds," "Legal Matters," "Tax Matters" and, if applicable, the definitions and the summary of the Ordinance in Appendix D to the Official Statement (except for financial or statistical data therein as to which no opinion is hereby expressed) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Series 2001 A Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

Steptoe & Johnson PLLC

STEPTOE & JOHNSON PLLC

09/10/01
006550.00001

CH472775.1

COX, BOWLING & JOHNSON, PLLC
200 West Vine Street, Suite 610
Lexington, Kentucky 40507
Telephone: 859-255-7080
Facsimile: 859-255-6903

Gillard B. Johnson, III
Joseph K. Cox*
James R. Cox
Michael D. Bowling
Robert B. Bowling
Edward Lee Bowling
Robert T. Yoakum
Shea Dunn Yoakum
~~~~
*Admitted in Michigan

Offices also located at:

209 Breckenridge Lane
Louisville, Kentucky 40207
~~~~
Telephone: 502-721-9555
Facsimile: 502-721-9571

September 13, 2001

Ross, Sinclaire & Associates, Inc.
315 N. Broadway
Lexington, Kentucky 40508

RE: $550,000 Town of Alderson, West Virginia Sewer System Refunding Revenue Bonds, Series 2001A, dated September 13, 2001

Gentlemen:

I have acted as Counsel for you (the "Underwriter") in connection with the issuance and sale by the Town of Alderson, West Virginia (the "Issuer") of $550,000 in aggregate principal amount of its Sewer System Refunding Revenue Bonds, Series 2001A, dated September 13, 2001 (the "Bonds").

The Series 2001A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (collectively, the "Act"), and supplemental resolution adopted pursuant to the Bond Ordinance adopted by the Council of the Town on August 31, 2001 (the Bond Ordinance and Supplemental Resolution are hereinafter collectively called the "Ordinance"). Section 1.03 of the Ordinance provides that the Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders, and the covenants and agreements set forth in the Ordinance, to be performed by the Issuer, shall be for the equal benefit, protection and security of the Bondholders of any and all such Bonds. The Bonds do not constitute an indebtedness of the Issuer, but shall be payable solely from the net revenues of the existing public sewerage system now owned by the Issuer.

The Bonds have been offered by the Underwriter, pursuant to a Final Offering Statement of the Issuer, dated September 10, 2001.

In my capacity as Counsel to the Underwriter, I have examined such documents, records, and other instruments as I have deemed necessary to enable me to express the opinion set forth below; including, but not limited to, the legal opinions of Steptoe & Johnson, PLLC, Bond Counsel, upon which opinions I have relied in rendering the opinions expressed herein.

Based upon the foregoing, it is my opinion that:

1. The conditions set forth in the Bond Purchase Agreement between the Issuer and the Underwriter dated as of September 10, 2001, have been satisfied or waived.

2. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended.

3. In accordance with my engagement, I have participated in the preparation of the Final Official Statement and in that connection have participated in conferences and conversations with the Underwriter, which in turn has participated in conferences and conversations with the Issuer and Bond Counsel. While I have not undertaken to determine independently the accuracy, completeness, or fairness of the statements contained in the Final Official Statement, and while I am not passing upon and do not assume responsibility for the accuracy, completeness, or fairness of the statements contained in the Final Official Statement (including the Appendices attached thereto), based upon my participation in the above-mentioned conferences and conversations with the Underwriter as of the date hereof nothing has come to my attention causing me to believe (i) that the Final Official Statement (except for the financial and statistical data included therein as to which I express no opinion or belief) contains an untrue statement of a material fact or omitted to state a fact necessary to make the statements therein not misleading in any material respect in light of the circumstances under which same were made and (ii) that the Final Official Statement (except for the financial and statistical data included therein as to which I express no opinion or belief) as of the date hereof contains an untrue statement of a material fact or omit to state a fact necessary to make the statements therein, in light of the circumstances under which same were made, not misleading in any material respect.

4. Based upon the foregoing review, I am of the opinion that you are not required to comply with the requirements of Paragraph (b)(5) of the Rule.

In rendering the foregoing opinion, I have assumed exclusion of the interest on the Bonds from gross income of the recipients for Federal income tax purposes and I am not passing upon such an exclusion with the understanding that you are relying upon the Opinion of even date herewith of Steptoe & Johnson, PLLC, as Bond Counsel.

This Opinion is furnished to you by me, as Counsel for the Underwriter, and is solely for the benefit of the Underwriter.

Sincerely yours,

COX, BOWLING & JOHNSON, PLLC

By: _____
Gillard B. Johnson, III

GBJIII/ln

LAW OFFICE
JESSE O. GUILLS, JR.
117 NORTH COURT STREET
LEWISBURG, WEST VIRGINIA 24901-1101

JESSE O. GUILLS, JR.
PATRICK I. VIA

TELEPHONE
(304) 645-3313
TELECOPIER
(304) 645-3314

September 12, 2001

$550,000.00
Town of Alderson
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2001 A

Town of Alderson
Alderson, West Virginia

Ross, Sinclaire & Associates, Inc.
Cincinnati, Ohio

Ladies and Gentlemen:

I have acted as counsel for the Town of Alderson (the "Town") and have acted as such in connection with the sale of the above-referenced Series 2001 A Bonds, which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 10, 2001 (the "Purchase Agreement") between Ross, Sinclaire & Associates, Inc. (the "Underwriter") and the Town. Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2001 A Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Ordinance of the Town relating to the Series 2001 A Bonds enacted on August 31, 2001, as supplemented and amended by resolutions adopted August 31, 2001 and September 10, 2001 (collectively, the "Ordinance"), the Purchase Agreement and the Official Statement dated September 10, 2001, with respect to the issuance and offering of the Series 2001

A Bonds (the "Official Statement"), a Prepayment Agreement by and between the Town and the West Virginia Municipal Bond Commission dated September 13, 2001 (the "Prepayment Agreement") and a closing certificate of the Town. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Town is a municipal corporation and political subdivision of the State of West Virginia. The Town is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Ordinance, the Purchase Agreement and the Prepayment Agreement.

2. The Town has full power and authority to consummate all transactions contemplated by the Series 2001 A Bonds, the Purchase Agreement, the Prepayment Agreement and any and all other agreements relating thereto, to which the Town is a party.

3. The Town has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Purchase Agreement and the Prepayment Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Town and the issuance and delivery of the Series 2001 A Bonds upon the terms set forth in the Ordinance; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Purchase Agreement and the Prepayment Agreement have been duly and validly authorized, executed and delivered by the Town and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Town, enforceable against the Town in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Ordinance has been duly enacted at meetings of the governing body (Council) of the Town which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Ordinance.

6. The execution and delivery by the Town of the Purchase Agreement and the Prepayment Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes governing the Town or, to the best of my knowledge after diligent inquiry and review of the Town's records, any agreement or other instrument to which the Town is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the Town have been taken, and no additional approval, authorization, consent or other order of the Town or any public board or body is legally required to allow the Town to enter into and perform its obligations under the Purchase Agreement or as described in the Official Statement.

8. The Town is not in violation of any provision of, or in default under, West Virginia statutes governing the Town.

10. To the best of my knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Town is a party or of which any property of the Town is subject, except as described in the Official Statement, which, if determined adversely to the Town, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2001 A Bonds, the Purchase Agreement or the Prepayment Agreement, or (ii) otherwise materially or adversely affect the ability of the Town to comply with its obligations under the Purchase Agreement, or materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Town.

11. Based upon my experience as counsel for the Town and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "The Series 2001 A Bonds," "Security for the Series 2001 A Bonds," "The System" and "Litigation" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement.

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

Very truly yours,

Jesse O. Guills, Esquire

JOG/pgl

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

GENERAL CERTIFICATE OF ISSUER ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLIC SERVICE COMMISSION APPROVAL
5. AWARD OF BONDS; SIGNATURES
6. DELIVERY AND PAYMENT
7. CERTIFICATION OF DOCUMENTS
8. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
9. MEETINGS, ETC.
10. INCUMBENCY AND OFFICIAL NAME
11. RATES
12. DEFEASANCE OF THE SERIES 1986 A BONDS; EXCESS SERIES 1986 A BOND MONEYS
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. OFFICIAL STATEMENT CERTIFICATION
15. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(4) AND SECTION 6(c)(12)
16. DESIGNATION OF REGISTRAR AND PAYING AGENT
17. IRS INFORMATION RETURN
18. SPECIMEN BONDS
19. CONFLICTS OF INTEREST
20. RELIANCE
21. USE OF BOND PROCEEDS
22. COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Alderson, Greenbrier and Monroe Counties, West Virginia (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $550,000 aggregate

principal amount of the Town of Alderson (West Virginia) Sewer Refunding Revenue Bonds, Series 2001 A (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 meanings set forth in the bond ordinance of the Issuer duly enacted August 31, 2001, as supplemented by supplemental resolutions duly adopted August 31, 2001 and September 10, 2001 (collectively, the "Bond Legislation"), and the Bond Purchase Agreement dated September 10, 2001 (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriter.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Bonds, or the collection of the Net Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds, nor in any manner affecting the validity or enforceability of the Bonds, the Bond Legislation, the Prepayment Agreement or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, Recorder and the members of the Council of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Bonds or the refunding and payment of the Series 1986 A Bonds which is not set forth in the Official Statement relating to the Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect.

4. PUBLIC SERVICE COMMISSION APPROVAL: A PSC Order is not required for the issuance of the Bonds for the purposes of refunding the Series 1986 A Bonds.

5. AWARD OF BONDS; SIGNATURES: The Bonds were awarded to Ross, Sinclaire & Associates, Inc. (the "Underwriter"), upon a negotiated basis at the price of $530,750 (par amount of $550,000, less underwriter's discount of $19,250). As of the date hereof, the Bonds were duly signed by the manual signature of the Mayor of the Issuer, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by the manual signature of the Recorder of the Issuer.

6. DELIVERY AND PAYMENT: The undersigned Mayor did, on the date hereof, deliver to the Underwriter, the entire issue of the Bonds, in various denominations and numbered AR-1 to AR-5, inclusive. At the time of delivery of the Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount	$ 550,000.00
Less: Underwriter's Discount	(19,250.00)
Moneys Available from the District	53,782.00
Total	$ 584,532.00

The Issuer has approved the transfer of $53,782 from the Series 1986 A Bonds Reserve Account, held by the West Virginia Municipal Bond Commission, to the Series 1986 A Bonds Sinking Fund to provide sufficient funds to defease the Series 1986 A Bonds.

7. CERTIFICATION OF DOCUMENTS: There are delivered herewith true, correct and complete copies of the following documents, all of which remain in full force and effect and have not been amended, modified, supplemented, rescinded or repealed unless changed by the terms of other documents listed below:

City Charter

First Supplemental Resolution

Second Supplemental Resolution

Oaths of Office of Council Members

Ordinance Creating Sanitary Board

Oaths of Office of Board Members

Minutes on Adoption of Bond Ordinance and Supplemental Resolutions

Certification of Jeffrey S. Feamster, Certified Public Accountant, Regarding Debt Service Savings, Coverage Requirement and Parity Test Requirement

Consent of West Virginia Water Development Authority

Official Statement

Bond Purchase Agreement

Prepayment Agreement

8. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System of the Issuer since September 10, 2001. Upon defeasance of the Series 2001 A Bonds on the date hereof, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment, except the Series 1983 B Bonds and the Series 1986 B Bonds described in the Official Statement. The Issuer has obtained the consent of the holders of the Series 1986 B Bonds to the issuance of the Bonds in the lien position as set forth in the Ordinance. The consent of the holder of the Series 1983 Bonds is not required.

9. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and/or operation of the System, including without limitation the imposition of rates and charges, were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the rules of procedure of the Council of the Issuer and all applicable statutes, including without limitation Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted or published were duly posted and published.

10. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Alderson" and it is a municipal corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia, in Monroe and Greenbrier Counties of said State. The governing body of the Issuer is its Council consisting of 5 members. The names and terms of the office of members of Council, the Mayor and the Recorder are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Harryette L. Williams, Mayor	06/29/01	06/29/03
John C. McCurdy, Recorder	06/29/01	06/29/03
Jeffery A. Black	07/10/01	06/29/03
Ann E. Eskins	06/29/01	06/29/03
E. Sterling Hanger, Jr.	06/29/01	06/29/03
Julie Anne Parker	06/29/01	06/29/03
Carroll Willis	06/29/01	06/29/03

The duly appointed officers of the Sanitary Board of the Issuer for the calendar year 2001 are as follows:

Mayor	-	Harryette L. Williams
Member	-	Ann Smith
Member	-	Jean Akers

The duly appointed and acting Counsel for the Issuer is Jesse O. Guills, Jr., Lewisburg, West Virginia.

11. RATES: The Issuer has duly enacted a sewer rate ordinance setting rates and charges for the services of the System, which rates and charges are currently in effect. Such rate ordinance is presently in full force and effect, and the period for appeal of such rate ordinance has expired.

The Issuer hereby covenants to enact and implement, at the earliest dates permitted by law, a rate ordinance for the System, which rates shall be sufficient to satisfy the rate coverage requirements of the Series 1983 Bonds, the Series 1986 B Bonds and the Series 2001 A Bonds.

12. DEFEASANCE OF THE SERIES 1986 A BONDS; EXCESS SERIES 1986 A BOND MONEYS: The funds on deposit with the Commission pursuant to the Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, the paying agent of the Series 1986 A Bonds, dated as of the date hereof, are sufficient to fully pay the entire outstanding principal of, the redemption premium and all interest accrued on the Series 1986 A Bonds on October 1, 2001, the Redemption Date. As of the date of hereof, the Series 1986 A Bonds have been prepaid and refunded and the liens and pledges securing the Series 1986 A Bonds have been discharged and defeased.

Any excess moneys in the Series 1986 A Bonds Debt Service Reserve Fund over the total required to pay the Series 1986 A Bonds on the Redemption Date, will be deposited in the Construction Fund.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council of the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The West Virginia News, a newspaper of general circulation in the Town of Alderson, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 31st day of August, 2001, at 7:00 p.m., in the Municipal Building of the Town of Alderson, stating that a certified copy

of the Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

14. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

15. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(4) AND SECTION 6(c)(12): In addition to the foregoing, the undersigned hereby certify, as of the date hereof, that: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained in the Bond Purchase Agreement are true as of the Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to our knowledge no litigation is pending, or to our knowledge threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Bond Legislation or the Issuer's existence or powers or the Issuer's right to use the proceeds of the Bonds to refund the Series 2001 A Bonds, and (iv) the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation and the other agreements contemplated by the Bond Purchase Agreement and the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound.

16. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of Fifth Third Bank, Cincinnati, Ohio, as Registrar, the West Virginia Municipal Bond Commission as Paying Agent, and City National Bank, Alderson, West Virginia, as Depository Bank.

17. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah. The information set forth in such Form 8038-G is true, correct and complete in all respects.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

19. 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 the sale of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bonds and the Ordinance, including, without limitation, with respect to the Original Purchaser. 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.

20. RELIANCE: The undersigned acknowledge that it is intended that interest on the Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering said opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements.

21. USE OF BOND PROCEEDS: The proceeds of the Series 2001 A Bonds not used to current refund the Series 1986 A Bonds, fund a reserve account for the Series 2001 A Bonds and to pay costs of issuance of the Series 2001 A Bonds and other costs in connection with such refunding, and all moneys returned to the Issuer by the Commission from the Series 1986 A Bonds Sinking Fund and the Series 1986 A Bonds Reserve Account therein, shall be expended on capital projects of the Issuer within not more than six (6) months of September 13, 2001.

22. 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 TOWN OF ALDERSON on this 13th day of September, 2001.

[CORPORATE SEAL]

Signature	Official Title
Harryette L. Williams	Mayor
John C Mcey	Recorder
	Attorney

09/10/01
006550.00001

CH472827.1

WITNESS our signatures and the official corporate seal of the TOWN OF ALDERSON on this 13th day of September, 2001.

[CORPORATE SEAL]

Signature	Official Title
_____	Mayor
_____	Recorder
_____	Attorney

09/10/01
006550.00001

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Mayor of the Town of Alderson (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of the $550,000 Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, dated September 13, 2001 (the "Bonds"), hereby certifies as follows, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on August 31, 2001, as supplemented (collectively, the "Ordinance"), pursuant to which the Bonds are issued:

A. DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Ordinance.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"**Bond Act**" means Article 13 of Chapter 16 of the Code of West Virginia of 1931, as amended.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with the respect to the issuance of the Bonds and the exclusion of interest on the Bonds from gross income for the purposes of federal income taxation.

"**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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriters' spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, Insurance Company's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Bonds;

(f) accountant fees related to issuance of the Bonds;

(g) printing costs (for the Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Date of Issue**" means September 13, 2001.

"**Discharged**" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bonds from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"**Final Computation Date**" means the date on which the last Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$$FV = PV(1+i)^n$$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"**Installment Computation Date**" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"**Investment**" means any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $550,000 being the initial offering price to the public at which price a substantial amount of the Bonds is sold, and includes accrued interest on the Bonds. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the Yield on an Investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Rebate Amount**" means, in respect of the bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with Section E(3) hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) of the Regulations for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"**Series 2001 A Bonds**" means the Issuer's Sewer Refunding Revenue Bonds, Series 2001 A, dated September 1, 2001.

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Transferred Proceeds**" means Proceeds of a prior issue of bonds that have ceased to be allocated to that prior issue and are treated as Proceeds of a refunding issue under section 1.148-9 of the Regulations.

"**Transferred Proceeds of the Bonds**" means amounts that have ceased to be allocated to the Series 2001 A Bonds and are treated as Transferred Proceeds of the Bonds.

"**Underwriter**" means Ross, Sinclaire & Associates, Cincinnati, Ohio.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior bonds) and a refunding issue (i.e., the Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond**" means the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of

the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). I am an officer of the Issuer charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 13, 2001, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Ordinance that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Bonds were sold on September 13, 2001, to Ross, Sinclaire & Associates, Inc.(the "Underwriter") for a purchase price of $530,750 (par amount of $550,000, less underwriter's discount of $19,250) plus interest accrued thereon in the amount of $0.00 (total of $19,250).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing moneys, together with the moneys transferred from the Series 1986 A Bonds Reserve Account, necessary (i) to current refund the Series 1986 A Bonds on October 1, 2001; (ii) to fund a reserve account for the Series 2001 A Bonds; (iii) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage facilities of the Issuer (the "Project"); and (iv) to pay costs of issuance of the Bonds and related costs.

8. [RESERVED]

9. The face amount of the Bonds is $550,000. The sources and uses of proceeds of the Bonds and the moneys transferred from the Series 1986 A Bonds Reserve Account in connection with the refunding of the Series 1986 A Bonds is as follows:

Sources

Par amount of Bonds	$550,000.00
Transfer from Series 1986 A Bonds Reserve Account to Series 1986 A Bonds Sinking Fund	53,782.00
Total Sources	$603,782.00

10. The proceeds of sale of the Bonds, together with the moneys transferred from the Series 1986 A Bonds Reserve Account, will be applied as follows:

Uses of Funds

Total Underwriter's Discount	$ 19,250.00
Costs of Issuance	24,987.00
Deposit to Series 2001 A Reserve Fund (DSRF)	44,445.00
Deposit to Series 1986 A Bonds Sinking Fund	515,100.00
Total Uses	$603,782.00

11. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Bonds. The yield on the Bonds, as so computed, has been determined to be 5.6465%, based on a "purchase price" equal to the Issue Price for the Bonds (including accrued interest thereon).

C. DEFEASANCE

1. The Issuer has entered into a Prepayment Agreement (the "Prepayment Agreement"), dated September 13, 2001, with the West Virginia Municipal Bond Commission, as Prepayment Agent. Provision will be made for the payment of the Series 1986 A Bonds by placing into the Series 1986 A Bonds Sinking Fund $461,318.00 from the Series 2001 A Bonds and $53,782.00 from the Series 1986 A Bonds Reserve Account, which will provide funds sufficient to provide for the payment of the outstanding principal of and interest on, plus a redemption premium for, the Series 1986 A Bonds as they become due on October 1, 2001, being the redemption date.

D. THE BONDS

i. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Bonds are detailed in the Bonds.

ii. Using the initial offering price of the Bonds as the "purchase price" and taking into account accrued interest the yield on the Bonds is computed by the Underwriter to be 5.6465% (the "Bond Yield").

iii. A Sinking Fund for the Bonds is created under the Ordinance. Moneys deposited to the Sinking Fund (other than the Reserve Account therein),

including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds. The Bonds all bear interest at a fixed interest rate and the average maturity of the Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. All moneys held in the Sinking Fund will be used to pay debt service on the Bonds. All Sale Proceeds of the Bonds deposited in the Sinking Fund will constitute accrued interest on the Bonds and will be applied to pay interest on the Bonds on the first interest payment date, being April 1, 2002. The Sinking Fund qualifies as a Bona Fide Debt Service Fund and all moneys in the Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

iv. A Reserve Account within the Sinking Fund is created under the Ordinance in an amount equal to the Maximum Annual Debt Service on the Bonds (the "Reserve Account Requirement"). The Reserve Account is being funded by moneys from the Series 2001 A Bonds proceeds in the amount of $44,445.00. The Reserve Account Requirement is equal to the maximum annual principal and interest requirements of the Bonds, is not in excess of 10% of the stated principal amount of the Bonds and is not in excess of 125% of the average annual principal and interest requirements of the Bonds. The moneys in the Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Reserve Account will, to the extent the yield thereon exceeds the yield on the Bonds, be subject to rebate.

v. A Renewal and Replacement Fund is created under the Ordinance, to be funded through monthly deposits of Revenues in an amount equal to 2 1/2% of the Gross Revenues of the System. Absent an Event of Default on the Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Bonds. Such moneys will be invested without restriction as to yield and are not subject to rebate.

vi. A Redemption Account is created under the Ordinance. In the event moneys are deposited into the Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

vii. A Costs of Issuance Fund is created under the Ordinance to be funded from proceeds of the Bonds in the amount of $24,987.00, to pay costs of issuance of the Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such moneys will be invested without restriction as to yield and are not subject to rebate.

viii. A Construction Fund is created under the Ordinance to be funded only from remaining proceeds of the Bonds to pay costs of the Project. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such moneys will be invested without restriction as to yield and are not subject to rebate. Work with respect to the acquisition and construction of the Project will commence shortly and will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 6 months. All proceeds of the Bonds designated for the Project will be expended within 6 months from the date of issuance thereof. The Project will be operated solely for a public purpose as a local governmental activity of the Issuer. The Issuer expects no part of the Project financed by proceeds of the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds. None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

Except for the proceeds of the Bonds designated for the Project, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

ix. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Bonds or which are pledged as collateral to secure repayment of Debt Service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Bonds.

x. Accrued interest with respect to the Bonds in an amount less than 6 month's interest on the Bonds will be applied within one year from the date hereof toward the payment of interest first due on the Bonds, as detailed in the Schedules. Pending such disbursement, such monies will be invested without restriction as to yield.

E. REBATE OF EXCESS ARBITRAGE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section D hereof, the Sinking Fund, the Reserve Account therein, the Costs of Issuance Fund and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Ordinance, the Issuer has created the Rebate Fund to be held by the Depository Bank. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Moneys so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Reserve Account, (ii) Transferred Proceeds of the Bonds, and (iii) any other moneys held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Bonds as required by the Code and Regulations. If the Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or

other rebate expert to recompute the Yield on the Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Bonds, any unrealized gains or losses as of the date of retirement of the Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond Year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in Section E(1)(c) hereof pertaining to the investment of the proceeds of the Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Bonds.

5. Small Issuer Exception. The Bonds do not qualify for the Small Issuer Exception to the payment of rebate created in Section 148(f)(4)(D) of the Code.

F. MISCELLANEOUS

1. 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 and refunding of the Series 2001 A Bonds.

2. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT B - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

3. None of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

5. The Issuer shall use the proceeds of the Bonds solely to current refund the Series 1986 A Bonds to their redemption date; to fund a Reserve Account for the Bonds; to pay the costs of acquisition and construction of the Project; and to pay costs of issuance thereof.

6. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning

of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

7. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

8. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

9. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

10. [RESERVED]

11. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

12. In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Bonds.

13. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

14. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

15. Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

(a) the payment of principal of, interest on, and redemption premium for the Series 1986 A Bonds;

(b) the payment of the Costs of the Project;

(c) the payment of the Costs of Issuance of the Bonds;

(d) the payment of administrative costs allocable to repaying the Series 2001 A Bonds, or carrying and repaying the Bonds, or the reasonable investments of Proceeds of the Bonds;

(e) Transferred Proceeds allocable to expenditures for governmental purpose of the Series 2001 A Bonds;

(f) amounts deposited in the Sinking Fund (including investment earnings thereon) to pay debt service on the Bonds; and

(g) qualified guarantee fees (within the meaning of the Regulations) for the Bonds or the Series 2001 A Bonds;

will not exceed 1% of the Sale Proceeds from the Bonds.

16. The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

17. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

18. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer does

not qualify for the Small Issuer Exception to the payment of rebate created in Section 148(f)(4)(D) of the Code with respect to the Bonds.

19. The Issuer has retained the right to amend the Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income of the holders thereof.

20. The Issuer shall comply with all yield restrictions on Bond proceeds as set forth in the Code.

21. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

22. The Bonds are a fixed yield issue. No interest or other amount payable on any of the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

23. Under section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Chairman of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Bonds.

24. The Issuer does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and bonds issued to currently refund any obligation of the Issuer) during the calendar year 2001 and hereby and in the Ordinance designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

25. 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.

26. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

27. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Bonds from gross income of the recipients thereof for federal income tax purposes.

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

WITNESS my signature this 13th day of September, 2001.

TOWN OF ALDERSON

Harriette L. Williams
Mayor

09/07/01
0483960.00001

EXHIBIT A

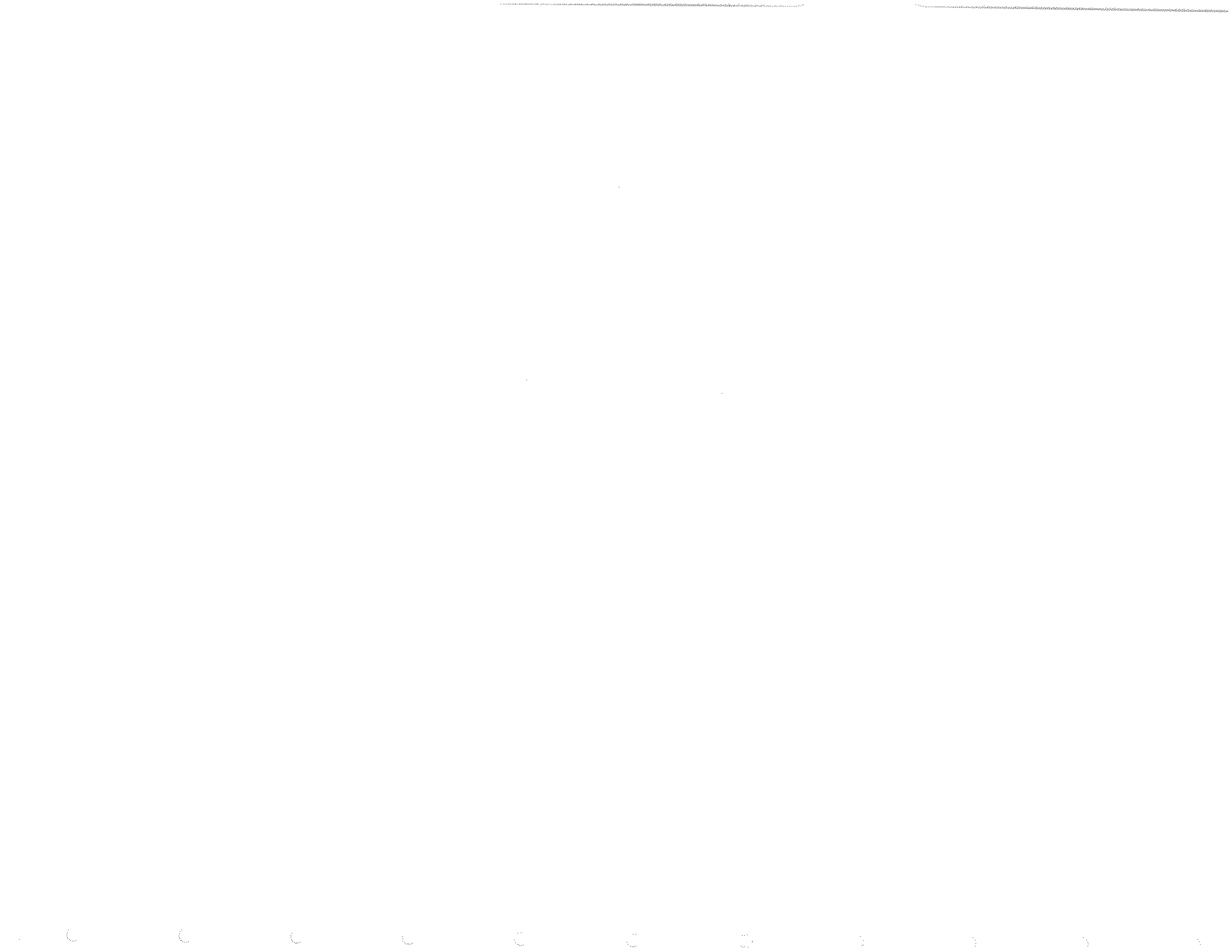
UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 19]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 33]



$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

REGISTRAR'S CERTIFICATE

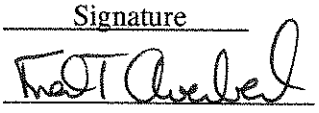
Fifth Third Bank, Cincinnati, Ohio (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Ordinance of the Town of Alderson (the "Issuer") enacted August 31, 2001, as supplemented (collectively the "Ordinance"):

1. The Bank is a state banking corproation duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Ordinance and to serve in the capacity of Registrar under the Ordinance.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Ordinance, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Fred Overbeck	Assistant Vice President	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Ordinance; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Ordinance.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

WITNESS my signature on this 13th day of September, 2001.

FIFTH THIRD BANK

By: _____
Its: Authorized Officer

09/12/01
0483960.00001

EXHIBIT A - SERIES 2001 A BOND TERMS

TERM BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Price
AR-1	014363 AA 3	October 1, 2005	$ 50,000	5.00%	100%
AR-2	014363 AB 1	October 1, 2011	$100,000	5.00%	100%
AR-3	014363 AC 9	October 1, 2016	$110,000	5.50%	100%
AR-4	014363 AD 7	October 1, 2021	$140,000	5.80%	100%
AR-5	014363 AE 5	October 1, 2025	$150,000	5.85%	100%

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

UNDERWRITER'S CERTIFICATE

The undersigned Murray Sinclaire, Jr., President of Ross, Sinclaire & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of each maturity of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated September 10, 2001, by and between the Town of Alderson (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated September 10, 2001, relating to the Bonds (the Bonds are dated as of the date hereof and, thus, no accrued interest will be paid by the Issuer). We have made a bona fide public offering of all Bonds at the public offering price. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement.

(b) The level of funding of the Reserve Account established by the Ordinance authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in Gross Revenues or increase in operating expenses. The amount to be maintained in the Reserve Account ($44,445,00) is equal to the maximum annual debt service on the Bonds and is less than 10% of the face amount of the Bonds, and is less than 125% of the average annual debt service on the Bonds.

(c) The weighted average maturity of the Bonds is 15.086364 years.

(d) The remaining weighted average maturity of the Series 1986 A Bonds is 16.626042 years.

(e) The net interest cost on the Bonds is 5.9120187% and the yield on the Bonds is 5.6465%.

(f) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Bonds.

Dated this 13th day of September, 2001.

ROSS, SINCLAIR & ASSOCIATES, INC.

By: _____
Its: President

09/10/01
483960.00001

Jeffrey S. Feamster, CPA

Jeffrey S. Feamster
Certified Public Accountant
P.O. Box 121
Lewisburg, West Virginia 24901

Phone: (304) 647-5980
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Cellular: (304) 421-5150
Email: jeff@mcswv.com

September 13, 2001

Town of Alderson
Sewer Refunding Revenue Bonds, Series 2001 A

Town of Alderson
Alderson, West Virginia

Ross, Sinclaire & Associates, Inc.
Lexington, Kentucky

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

In connection with the issuance and delivery of the above-captioned bonds (the "Series 2001 A Bonds"), a portion of the proceeds of which will be used to prepay and current refund The Town of Alderson's (the "Issuer") Sewer Revenue Bonds, Series 1986 A (the "Series 1986 A Bonds"), I have reviewed the debt service schedules (copies of which are attached hereto and incorporated herein by reference) for the Series 1986 A Bonds and the Series 2001 A Bonds and, based upon such review, I hereby certify that the savings to be achieved by such refunding will be approximately $157,460.61, determined by deducting $1,021,299.75, the total debt service on the Series 2001 A Bonds from $1,178,760.36, the remaining debt service remaining on the Series 1986 A Bonds.

I have reviewed the sewer rates of the Issuer and have verified that the Town does not meet the rate coverage requirements of the Series 1983 Bonds and the Series 1986 B Bonds, nor does the Town satisfy the parity debt test of the Series 1986 B Bonds in order to issue the Series 2001 A Bonds. The Town has agreed to enact, at the earliest possible date, a Rate Ordinance which will implement rates sufficient to permit the Town to satisfy the applicable rate coverage and parity debt requirements.

I have reviewed the current operating expenses and customer usage as provided by the Issuer and, following the enactment of the aforementioned Rate Ordinance, it is my opinion that such rates will be sufficient (i) to provide for all operating expenses of the sewerage system of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), Sewer Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and the Series 2001 A Bonds proposed to be issued on September 13, 2001.

Very truly yours,

Jeffrey S. Feamster, CPA

STEPTOE & JOHNSON PLLC
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August 31, 2001

Town of Alderson
Sewer System Revenue Refunding Bonds, Series 2001 A

VIA HAND DELIVERY
Mr. Daniel B. Yonkosky
Director
Water Development Authority
180 Association Drive
North Gate Business Park
Charleston, West Virginia 25311-1571

Dear Bernie:

Please be advised that the Town of Alderson (the "Town") intends to currently refund all of its outstanding Sewer Revenue Bonds, Series 1986 A. Pursuant to the West Virginia Water Development Authority (the "WDA") prepayment guidelines, the Town will close its Refunding Bonds and deposit sufficient moneys with the West Virginia Municipal Bond Commission to prepay its Series 1986 A Bonds on September 13, 2001.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km

cc: R. Witter Hallan, Executive Director

006550/00001

CH471309.1

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

PREPAYMENT AGREEMENT

This AGREEMENT, made and entered into as of September 13, 2001, by and between the TOWN OF ALDERSON (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Commission").

W I T N E S E T H T H A T:

WHEREAS, the Issuer presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds;

WHEREAS, the Issuer has received notice from the registered owner of its Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, originally issued in the aggregate principal amount of $490,364, of which $454,528 is presently outstanding (the "Series 1986 A Bonds") that it may prepay such bonds on or before September 14, 2001;

WHEREAS, the Issuer has determined to issue its Sewer Refunding Revenue Bonds, Series 2001 A (the "Series 2001 A Bonds"), pursuant to a bond ordinance enacted on August 31, 2001, as supplemented by supplemental resolutions adopted August 31, 2001 and September 10, 2001 (collectively, the "2001 Ordinance"), and contemporaneously therewith, prepay and defease the Series 1986 A Bonds by depositing a portion of the proceeds of the Series 2001 A Bonds with the Commission; and

WHEREAS, the cash amounts which will be delivered to the Commission simultaneously with the delivery of the Series 2001 A Bonds, along with funds currently on deposit with the Commission, are in such amounts as to insure the payment on October 1, 2001 (the "Redemption Date"), of the entire principal amount of the Series 1986 A Bonds then outstanding, the redemption premium and all interest accrued thereon (collectively, the "Redemption Price");

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1986 A Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The deposit of moneys with the Commission shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be applied to, the payment of the Redemption Price of the Series 1986 A Bonds on the Redemption Date.

2. Concurrently with the delivery of the Series 2001 A Bonds, the sum of $53,782 on deposit in the Series 1986 A Bonds Reserve Account shall be transferred by the Commission to the Series 1986 A Bonds Sinking Fund.

3. Concurrently with the delivery of the Series 2001 A Bonds, the Issuer shall deposit proceeds of the Series 2001 A Bonds in the amount of $461,318 in the Series 1986 A Bonds Sinking Fund. This deposit, along with the transfer of the moneys described in paragraph 2 above, and a portion of the existing balance in the Series 1986 A Bonds Sinking Fund of $26,956.24 (for a total of $542,056.24) will be sufficient to pay the Redemption Price of the Series 1986 A Bonds on the Redemption Date.

4. The Commission as Paying Agent for the Series 1986 A Bonds shall apply the moneys in the Series 1986 A Bonds Sinking Fund to the payment in full on October 1, 2001, of the Redemption Price of the Series 1986 A Bonds.

5. The holders of the Series 1986 A Bonds shall have an express lien on all moneys and assets in the Series 1986 A Bonds Sinking Fund until paid out, used and applied in accordance with this Agreement.

6. This Agreement shall terminate on the date on which all the Outstanding Series 1986 A Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining in the Series 1986 A Bonds Sinking Fund at the Commission after payment of administrative fees shall be transferred to the Issuer.

7. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

8. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TOWN OF ALDERSON

Harriette L. Williams
Mayor

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

Executive Director

09/10/01
006550.00001

STEPTOE & JOHNSON PLLC
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September 12, 2001

$550,000
Town of Alderson
Sewer Refunding Revenue Bonds, Series 2001 A

VIA FAX AND REGULAR MAIL

R. Witter Hallan, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street
Charleston, WV 25301

Dear Witter:

As bond counsel for The Town of Alderson (the "Issuer"), we wish to advise you that on September 13, 2001 (the "Closing Date"), the Issuer will deliver the above-captioned bonds (the "Bonds") to DTC, on behalf of Ross, Sinclaire & Associates, Inc. (the "Purchaser"). A portion of the proceeds of the Bonds will be used to prepay and current refund the Issuer's Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986 (the "Series 1986 A Bonds"). On the Closing Date, the Issuer will be required to make certain deposits pursuant to the Prepayment Agreement dated September 13, 2001, by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission").

The proceeds of the Bonds in the amount of $505,763.00 will be wired from the Purchaser to the Commission on the Closing Date.

The prepayment for the Series 1986 A Bonds will be effected with $461,318.00 from the proceeds of the Bonds, the transfer of $53,782.00 from the Series 1986 A Bonds Reserve Account, and the existing balance in the Series 1986 A Bonds Sinking Fund of $26,956.24. All such moneys shall be deposited or transferred, as applicable, in the Series 1986 A Bonds Sinking Fund held by the Commission and applied to the payment of the entire principal of, the redemption premium and all interest accrued on the Series 1986 A Bonds on October 1, 2001. Bond proceeds in the amount of $44,445 shall be deposited in the Series 2001 A Bonds Reserve Account. The Series 2001 A Bonds are dated September 13, 2001, thus, no accrued interest will be deposited.

Upon redemption of the Series 1986 A Bonds on October 1, 2001, any funds remaining in the Series 1986 A Bonds Sinking Fund and the Series 1986 A Bonds Reserve Account shall be returned to the Issuer.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km
006550.00001

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

CERTIFICATE OF REDEMPTION DATE AND PRICE

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986 (the "Series 1986 A Bonds"), of the Town of Alderson (the "Issuer"), hereby certifies that the first permitted redemption date of the Series 1986 A Bonds is October 1, 2001, and the redemption price due on such date is $542,056.24, as set forth in the Authority's letter dated June 15, 2001, a copy of which is attached hereto, and hereby also acknowledges that the Issuer will redeem all outstanding Series 1986 A Bonds on October 1, 2001, without providing the Authority with any further notice of such redemption.

WITNESS my signature on this 13th day of September, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

TOWN OF ALDERSON

SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B

BOND ORDINANCE

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07/03/86
ALDTN2-B

TOWN OF ALDERSON

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ALDERSON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF ALDERSON:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The Town of Alderson (the "Issuer") is a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State.

B. The Issuer presently owns and operates a municipal sewerage system and has undertaken the acquisition and construction of certain additions, extensions and improvements therefor (the "Project") which constitute properties for the treatment and

collection of liquid or solid wastes, sewage or industrial wastes (the existing system, together with the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of $3,550,562.68, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer has heretofore issued its Sewerage System Construction Notes, Series 1984, dated March 15, 1984 (the "Notes"), in the aggregate principal amount of $2,600,000 pursuant to a bond and notes ordinance enacted February 9, 1984, supplemented by supplemental resolutions adopted March 8 and March 16, 1984 (collectively, the "Prior Ordinance"), to finance costs of construction and acquisition of the Project pending receipt of certain grant moneys and issuance of the within-described Bonds. The Issuer has encountered construction difficulties with respect to the Project and has not received certain EPA Grant proceeds as quickly and in the amounts anticipated, which requires that the Issuer borrow the sum of not to exceed $800,000 to pay (i) certain additional Costs of the Project, (ii) that portion of the principal of the Notes not payable from Grant Receipts, investment earnings and other sources, and (iii) costs of issuance of the Bonds.

D. In addition to the Notes, there is an Outstanding obligation of the Issuer which will rank prior to the Bonds (as hereinafter defined) as to lien on and source of and security for payment, being the Issuer's $228,000 Sewer Revenue Bond, Series 1983, dated October 14, 1983 (the "1983 Bond") issued pursuant to an ordinance of the Issuer enacted September 22, 1983 (the "1983 Ordinance").

E. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the 1983 Bonds and the Bonds and all Sinking Fund, Reserve Account and other payments provided for herein, and in the 1983 Ordinance.

F. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $800,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than $600,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than $200,000 (collectively, the "Bonds"), to pay, at the maturity thereof, a portion of the Notes representing the Issuer's "local share" of the Costs, additional Costs not otherwise provided for and costs of issuance of the Bonds. Said costs shall be deemed to include the cost of all property rights, easements and franchises

deemed necessary or convenient therefor; interest upon the Notes and the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

H. The Issuer has heretofore entered into a loan agreement dated March 24, 1985, between the Issuer and the Authority, whereby the Authority had agreed, subject to the conditions stated therein, to loan to the Issuer a sum not to exceed $308,099. However, because of the need for local share funding in excess of that approved in such loan agreement, the Issuer hereby determines that it is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a new loan agreement and a supplemental loan agreement, both dated August 13, 1986 (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority. The Loan Agreement shall supercede the previous loan agreement which shall be of no further force or effect.

I. The Sanitary Board of the Issuer has presented a petition to the Issuer for enactment of the Bond Legislation.

J. Upon deposit of proceeds of the Bonds as described herein, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment, except the 1983 Bonds. The Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds, as set forth herein.

K. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 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 Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, the Bonds of each series to be of equal rank and without preference, priority or distinction between any one Bond 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 Chapter 16, Article 13 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

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

"Bondholder," "Holder of the Bonds," "Holder" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, 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, ordinances 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 the Original Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"1983 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original aggregate principal amount of $228,000.

"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 Gates Engineering Company, Beckley, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02(F) hereof to be a part of the cost of construction and acquisition of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"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 common council of the Issuer, as may 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.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on

account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

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

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

"HUD Grant" means the grant from the United States Department of Housing and Urban Development pursuant to the grant agreement therefor.

"Indenture" or "Trust Indenture" means the Trust Indenture between the Issuer and the Trustee dated as of March 15, 1984, relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean 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" or "City" means the Town of Alderson, in Greenbrier, Monroe and Summers Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer, the Sanitary Board and any other commission, board or department established by the Issuer to operate and maintain the System.

"Loan Agreement" shall mean, collectively, the loan agreement and the supplemental loan agreement, both dated August 13, 1986, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and

the execution and delivery by the Issuer authorized by, this Ordinance.

"Mayor" means the Mayor of the Issuer.

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

"Notes" means the $2,600,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1984, heretofore issued by the Issuer to pay Costs of Project pending receipt of the Grant Receipts and proceeds of the Bonds.

"1983 Ordinance" means the ordinance of the Issuer enacted September 22, 1983, pursuant to which the 1983 Bonds were issued.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $600,000 in aggregate principal amount of Series 1986 A Bonds and not more than $200,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the principal of the Notes, additional Costs of the Project and for such other purposes permitted hereby and authorized by the Bond Legislation.

"Other Grants" means collectively, the HUD Grant, together with any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or 1983 Bonds and as of any particular date, describes all Bonds or

1983 Bonds theretofore and thereupon being delivered except (i) any Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond or 1983 Bonds for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the 1983 Ordinance 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 or any 1983 Bond deemed to have been paid as provided in the 1983 Ordinance; 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 bank or banks or other entity designated as such for the Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of the additions, extensions and improvements for the Issuer's existing public sewerage system including, but not limited to, mains, pipelines, tanks and pumps and all necessary appurtenances.

"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; and

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, provided that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments described in paragraphs (a) through (g), above.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" means the Sanitary Board of the Issuer heretofore established by an ordinance duly enacted by the Issuer and any successor to the functions thereof.

"Series 1986 A Bonds" or "Series A Bonds" means the not more than $600,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A Bonds Reserve Requirement" means the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than $200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means the maximum amount of principal which will become due on the Series 1986 B Bonds in any Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance, resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Original 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 Bonds or the 1983 Bonds, including the Renewal and Replacement Fund, the Reserve Accounts and the Reserve Fund and Depreciation Reserve established pursuant to the 1983 Ordinance.

"System" means the complete properties of the Issuer for the collection and transportion of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Trustee" means Raleigh County National Bank, the trustee named in the Indenture.

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 CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby ratified the construction and acquisition of the Project, at an estimated cost of $3,550,562, 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 Bonds hereby authorized shall be applied as provided in Article VI hereof.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of paying a portion of the Notes at their maturity, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $800,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than $600,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of not more than $200,000, the exact amount of each Series to be set forth in the Supplemental Resolution, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Proceeds of the Bonds remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall, to the extent necessary to defease the Notes, be deposited in the Notes Debt Service Fund established by Section 4.01 of the Indenture, and thereafter, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, through a Paying Agent or Paying Agents, if any, selected by the original purchaser or purchasers thereof, 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 Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of

the same series in 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, may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in

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

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the 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 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on the Net Revenues securing the 1983 Bond. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the 1983 Bond and the Series 1986 A Bonds. After making all payments required under the 1983 Ordinance, such remaining Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the respective Sinking Funds and the Reserve Accounts therein hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
SEWER REVENUE BOND, SERIES 1986 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A.. Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated _____, 1986.

This Bond is issued (i) to refund and pay a portion of the Sewerage System Construction Notes, Series 1984, of the Issuer (the

"Notes") issued to finance part of the costs of acquisition and construction of certain additional sewage collection and transportation facilities (the "Project") for the existing sewerage system of the Issuer (the existing system, together with the Project and any further additions thereto or extensions thereof herein called the "System") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, which were duly enacted and adopted, respectively, by the Issuer on July 31, 1986 and August 14, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of $90,762, which Series 1986 B Bonds are junior and subordinate with respect to lien and sources of and security for payment to the Bonds of this series (the "Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) which pledge is junior and subordinate in all respects to the pledge of Net Revenues securing the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original principal amount of $228,000 (the "1983 Bond") to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the

services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the 1983 Bonds, the Bonds, the Series 1986 B Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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, shall be applied solely to the payment of the Notes and Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE SERIES 1983 BOND DESCRIBED HEREIN.

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

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

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
SEWER REVENUE BOND, SERIES 1986 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and upon the terms and conditions prescribed by and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated August 13, 1986.

This Bond is issued to finance part of the costs of acquisition and construction of certain new sewage collection and transportation facilities (the "Project") for the existing sewerage system of the Issuer (the existing system, together with the Project and any further additions thereto or extensions thereof herein called the "System") and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, which were duly enacted and adopted,

respectively, by the Issuer on July 31, 1986 and August 14, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Issuer's Sewer Revenue Bond, Series 1983, dated October 14, 1983, issued in the original principal amount of $228,000 (the "Series 1983 Bond") and the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation fo. the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this Series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the 1986 Series A Bonds, the Series 1983 Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the 1986 Series A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the 1986 Series B Bonds in any fiscal year and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively

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

This Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as 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, shall be applied solely to the payment of the Notes and the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION AND THE SERIES 1983 BOND DESCRIBED HEREIN.

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

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

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the forms 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 Loan Agreement to the Authority.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1986 A Bonds Sinking Fund;

Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

(2) Series 1986 B Bonds Sinking Fund;

Within the Series 1986 B Bonds Sinking Fund the Series 1986 B 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.

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

(2) The Issuer shall next, each month, from the moneys remaining in the Revenue Fund, make the disbursements required to be made in connection with the 1983 Bond, pursuant to Section 3.02B of the 1983 Ordinance.

(3) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of

payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any earnings transferred from the Series A Reserve Account and any earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any earnings transferred from the Series A Reserve Account and any earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(5) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 A Bonds Reserve Requirement.

(6) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments credited to the Series 1986 A 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 deficiency in the Series 1986 A Bonds 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 by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any earnings transferred from the Series B Reserve Account and any earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit

therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and second to the next ensuing principal payments.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds and the Renewal and Replacement Fund have been made in full.

As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the maximum provided and required to be paid into the respective Sinking Funds in any Fiscal Year

for account of all the Original Bonds of such series, including such additional Original Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the several Sinking Funds or into the Reserve Accounts therein when the aggregate amount of funds in all such Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of and interest due to maturity on the respective Bonds then Outstanding.

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Paying Agent or the Depository Bank, on such dates as the Commission, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

E. 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.

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and, following completion of the Project shall be deposited in the Revenue Fund and may be used for any lawful purpose.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. The amount of Series 1986 A Bonds proceeds, which together with other moneys in the Notes Debt Service Fund established pursuant to the Indenture, is sufficient to pay the entire principal amount of and interest accrued on the Notes at the maturity thereof shall first be deposited with the Trustee in said Notes Debt Service Fund.

B. The remaining Series 1986 A Bonds proceeds, if any, and all proceeds of the Series 1986 B Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Bonds, first for the Series 1986 A Bonds and thereafter for the Series 1986 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series A Bonds Reserve Account.

ARTICLE VII

COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, but junior and subordinate to the lien on the Net Revenues securing the 1983 Bond. Payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1983 Bond and the Series 1986 A Bonds, all to the extent necessary to make the payments required under Section 5.03 of this Ordinance. After making all payments required under the 1983 Ordinance, the remaining Net Revenues, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the attendant Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and

facilities of the System shall be as set forth in the Ordinance of the Issuer enacted April 12, 1984.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds established therefor, and, 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 installments of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at

prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other 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 the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds or 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. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to both the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Fund, the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the

issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

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

(A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding;

(C) The Parity Bonds then proposed to be issued; and

(D) Any other obligations secured by or payable from the Net Revenues prior to the Series B Bonds.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate

of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond 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 such Parity 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 Parity Bond of one series over any other Parity Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and

source of and security for payment from such revenues, with either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds respectively on parity with the Series A Bonds and the Series B Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted on the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds 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 Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds 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 with respect to said Bonds and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall file said report with the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said 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. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. 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 Gross Revenues, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the respective Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other

obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of 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 the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant 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 the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and

regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the water system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event 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 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of 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 carried with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) 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 said 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 during construction of the Project in the full insurable value thereof.

(B) 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 $_____ 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.

(C) 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.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, to the extent authorized by the laws of the State and the rules and regulations of the Public

Service Commission of West Virginia, 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, 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.

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 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held (except for transfers permitted hereunder), 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. The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code (or any successor provision), and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution, or in the 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 Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a 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 however, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act,

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or 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 possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the 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 out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and 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 Bonds.

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance necessary to enable the interest on the Bonds to be and remain exempt from federal income taxation, and to preserve and maintain such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided, however, that this Section shall not be applicable to the 1983 Ordinance.

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

Section 11.08. Effective Date. This Ordinance shall take effect following public hearing thereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in a newspaper of general circulation in the Town of Alderson, there being no newspaper published in such Town, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Common Council upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder for review by interested parties during the office hours of the Recorder.

At such hearing, all objections and suggestions shall be heard and the Common Council shall take such action as it shall deem proper in the premises.

Passed on First Reading July 10, 1986

Passed on Second Reading July 17, 1986

Effective following public hearing held on July 31, 1986

Mayor

ATTEST:

By _____
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Town Council of the Town of Alderson on this 31st day of July, 1986.

[SEAL]

Recorder, Town Council of the Town of Alderson

08/18/86
ALDTN2-A

"EXHIBIT A"

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, OF THE TOWN OF ALDERSON; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the common council (the "Governing Body") of the TOWN OF ALDERSON (the "Issuer"), upon petition of the Sanitary Board of the Issuer, has duly and officially enacted an ordinance, effective July 31, 1986 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ALDERSON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $800,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal

amount of not more than $600,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series A Bonds dated August 13, 1986, and a supplemental loan agreement relating to the Series B Bonds dated August 13, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance, it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $490,364. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise as provided in and otherwise in

compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $90,762. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of August 18, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint Greenbrier Valley Bank, Lewisburg, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. These shall be no interest capitalized on the Bonds.

Section 8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 18, 1986, to the Authority pursuant to the Loan Agreement.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of August, 1986.

TOWN OF ALDERSON

Mayor

08/13/86
ALDTN1-D

NEW ISSUE-FULL BOOK ENTRY NO RATING REQUESTED

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions, the interest on the Series 2001 A Bonds (i) is excludable from gross income of the holders thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2001 A Bonds are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof (see "Tax Matters" herein).

$550,000
TOWN OF ALDERSON
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2001 A

Dated: September 13, 2001 **Due: October 1 , as shown below**

The Series 2001 A Bonds shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2001 A Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2001 A Bonds, payments of the principal of and interest on such Series 2001 A Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2001 A Bonds--Book-Entry Only System" herein).

The Series 2001 A Bonds are being issued to provide funds, together with other moneys available therefor, to refund certain outstanding sewer revenue bonds of the Town of Alderson (the "Town"); to fund a reserve account for the Series 2001 A Bonds; and to pay certain costs of issuance and related costs.

The Series 2001 A Bonds are payable from and secured by the net revenues derived from the existing sewerage system of the Town and any additions, betterments and improvements thereto and from funds on deposit in the Sinking Fund created therefor, including the Reserve Account established therein. The Series 2001 A Bonds do not constitute a debt or general obligation of the Town within the meaning of any constitutional or statutory provisions or limitations, and the Town shall not be obligated to pay the Series 2001 A Bonds, any premium or the interest thereon except from such net revenues and such funds on deposit. Neither the full faith and credit nor the taxing power of the Town shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of, the premium, if any, or interest on the Series 2001 A Bonds.

The Series 2001 A Bonds are subject to redemption prior to maturity as more fully stated herein.

The Town has designated the Series 2001 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In the opinion of Bond Counsel, the Series 2001 A Bonds are "qualified tax-exempt obligations," and the provision of the Code which disallows the deductibility of all interest expense payable by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the Series 2001 A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2001 A Bonds will be deductible for federal income tax purposes.

Fifth Third Bank, Cincinnati, Ohio, is Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is Paying Agent for the Series 2001 A Bonds. Interest on the Series 2001 A Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2002. Principal of the Series 2001 A Bonds is payable on each October 1 in accordance with the following schedule:

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

October 1, 2005	$50,000	5.00%	100%
October 1, 2011	$100,000	5.00%	100%
October 1, 2016	$110,000	5.50%	100%
October 1, 2021	$140,000	5.80%	100%
October 1, 2025	$150,000	5.85%	100%

The Series 2001 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Town by Jesse O. Guills, Jr., Esq., Lewisburg, West Virginia, counsel to the Town. Certain legal matters will be passed upon for the Underwriter by Gilliard B. Johnson, III, Cox, Bowling & Johnson, Lexington, Kentucky, as counsel to the Underwriter.

It is expected that the Series 2001 A Bonds will be available for delivery at DTC, New York, New York, on or about September 13, 2001.

R | S | A ROSS, SINCLAIRE & ASSOCIATES

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2001 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Town of Alderson, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the Town of Alderson and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Town of Alderson, since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2001 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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TOWN OF ALDERSON, WEST VIRGINIA

MUNICIPAL OFFICIALS

Harryette Williams, Mayor
E. Sterling Hanger, Jr., Council Member
Carol Ann Eskins, Council Member
Carol Willis, Council Member
Julian Ann Parker, Council Member
Jeff Black, Council Member
John C. McCurdy, Recorder

ADMINISTRATION

Susan Honaker, Treasurer-Clerk

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE TOWN

Jesse O. Guills, Jr., Esq.
Lewisburg, West Virginia

UNDERWRITER

Ross, Sinclaire & Associates, Inc.
Cincinnati, Ohio

UNDERWRITER'S COUNSEL

Cox, Bowling & Johnson
Lexington, Kentucky

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OFFICIAL STATEMENT

relating to

$550,000

TOWN OF ALDERSON, WEST VIRGINIA
Sewer Refunding Revenue Bonds, Series 2001 A

September 10, 2001

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the Town of Alderson (the "Town"), the Town's municipal sewerage system hereinafter described and defined and the Town's $550,000 in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2001 A (the "Series 2001 A Bonds"). The Series 2001 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (collectively, the "Act"), and a Bond Ordinance enacted by the Council of the Town on August 31, 2001, as supplemented by a Supplemental Resolution adopted by the Council of the Town on August 31, 2001 (the Bond Ordinance and Supplemental Resolution are hereinafter collectively called the "Ordinance").

The proceeds of the Series 2001 A Bonds, together with other funds available therefor, will be used as follows: (i) to currently refund the Town's Sewer Revenue Bonds, Series 1986 A, issued pursuant to an ordinance enacted July 31, 1986 (the "1986 Ordinance"), originally issued in the aggregate principal amount of $490,364 and presently outstanding in the aggregate principal amount of $454,528 (the "Series 1986 A Bonds"); (ii) to fund a reserve account (the "Reserve Account") in the sinking fund (the "Sinking Fund") established with the West Virginia Municipal Bond Commission for the Series 2001 A Bonds in an amount equal to the maximum amount of principal and interest which will come due on the Series 2001 A Bonds in any year; and (iii) to pay certain costs of issuance of the Series 2001 A Bonds and related costs.

In addition to the Series 1986 A Bonds, the Town currently has outstanding its Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued pursuant to an ordinance enacted October 14, 1983 (the "Series 1983 Ordinance"), originally issued in the aggregate principal amount of $228,000, and presently outstanding in the aggregate principal amount of $175,195 (the "Series 1983 Bonds"); and its Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, issued pursuant to an Ordinance enacted July 31, 1986 (the "Series 1986 Ordinance"), originally issued in the aggregate principal amount of $90,762, and presently outstanding in the aggregate principal amount of $58,181 (the "Series 1986 B Bonds") collectively hereinafter called the "Prior Bonds." The Series 1983 Ordinance and Series 1986 Ordinance pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Ordinances."

The Series 2001 A Bonds shall be issued on a parity with the Series 1986 B Bonds, and shall be junior and subordinate to the Series 1983 Bonds, with respect to liens, pledge and source of and security for payment, and in all other respects pursuant to the Ordinance. See "SECURITY FOR THE SERIES 2001 A BONDS."

AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS VERIFIED THAT THE TOWN DOES NOT MEET THE RATE COVERAGE REQUIREMENTS OF THE SERIES 1983 BONDS AND THE SERIES 1986 B BONDS, NOR DOES THE TOWN SATISFY THE PARITY DEBT TEST OF THE SERIES 1986 B BONDS. THE TOWN HAS AGREED, AND COVENANTED IN THE ORDINANCE, TO ENACT A RATE ORDINANCE WHICH WILL IMPLEMENT RATES SUFFICIENT TO PERMIT THE TOWN TO SATISFY

THE APPLICABLE RATE COVERAGE AND PARITY DEBT REQUIREMENTS OF THE PRIOR BONDS. SEE "SECURITY FOR THE SERIES 2001 A BONDS - RATE INCREASE".

The Series 2001 A Bonds are payable from and secured by the Net Revenues, as defined in the Ordinance, derived from the existing sewerage system of the Town and any additions, betterments and improvements thereto (the "System"), on parity with the Series 1986 B Bonds and junior and subordinate to the Series 1993 Bonds and from funds on deposit in the Sinking Fund, including the Reserve Account therein. The Series 2001 A Bonds do not constitute a debt or general obligation of the Town within the meaning of any constitutional or statutory provisions or limitations, and the Town shall not be obligated to pay the Series 2001 A Bonds or any premium or the interest thereon except from such Net Revenues and such funds on deposit. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Net Revenues 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 2001 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2001 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2001 A BONDS - Rate Covenant." The payment of the principal or redemption price of and interest on the Prior Bonds will be made as described hereinafter under the heading "FINANCING PLAN" (the Series 2001 A Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds").

The Town may issue additional bonds on a parity with the Series 2001 A Bonds and the Prior Bonds for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any or all series of Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Ordinance or the Prior Ordinances. See "SECURITY FOR THE SERIES 2001 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2001 A Bonds, the Ordinance, the refunding of the Series 1986 A Bonds, the System, the Town, continuing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2001 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Ordinance.

FINANCING PLAN

The Series 2001 A Bonds are being issued for the purpose of currently refunding the Town's Series 1986 A Bonds. The Series 1986 A Bonds will be redeemed on their first redemption date, being October 1, 2001. The refunding is being undertaken to effect a savings in aggregate debt service for the Town. The moneys required to prepay the Series 1986 A Bonds will be deposited with the West Virginia Municipal Bond Commission (the "Commission"). The Commission will hold the money in trust for the payment of the Series 1986 A Bonds and for the benefit of the holders thereof.

Concurrently with the delivery of the Series 2001 A Bonds, the Town will apply certain funds from the proceeds of sale of the Series 2001 A Bonds, together with other funds available therefor, to the defeasance of the Series 1986 A Bonds. The cash deposited therein, will be sufficient to pay (i) the principal amount for the Series 1986 A Bonds outstanding on October 1, 2001, (ii) the redemption premium of 102% of the aggregate

principal amount of Series 1986 A Bonds remaining outstanding on October 1, 2001 and (iii) the interest accrued on the Series 1986 A Bonds to and including October 1, 2001.

Upon the deposit of cash with the Commission, the pledge of Net Revenues, the moneys in the funds and accounts created under the 1986 Ordinance pursuant to which the Series 1986 A Bonds were issued and any other funds pledged by the 1986 Ordinance for the Series 1986 A Bonds will be discharged and satisfied, provided that the Prior Bonds will continue to be secured by the Prior Ordinances.

Sources and Uses of Funds

Sources of Funds	
Principal Amount of Bonds	$550,000
Less: Original Issue Discount	$0
Add: Series 1986 A Reserve Account (1)	$53,782
Accrued Interest	$0
TOTALS:	$603,782
Uses of Funds	
Cash Deposit to Commission	$515,100
Deposit to Reserve Account (2)	$44,445
Underwriter's Discount	$19,250
Costs of Issuance	$24,987
Accrued Interest	$0
TOTALS:	$603,782

(1) Certain moneys held by the West Virginia Municipal Bond Commission in the existing sinking fund (including the reserve account) for the Series 1986 A Bonds.

(2) An amount equal to the maximum amount of principal and interest which will come due on the Series 2001 A Bonds in any fiscal year.

THE SERIES 2001 A BONDS

General

The Series 2001 A Bonds are dated and bear interest from September 13, 2001, upon original issuance. After original issuance, any Series 2001 A Bond issued prior to the first interest payment will be dated September 13, 2001. Any Series 2001 A Bond issued on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof; unless the date of authentication is after the Record Date but prior to the applicable interest payment date or on such interest payment date on which interest on said Series 2001 A Bond shall have been paid in full or duly provided for, in which case said Series 2001 A Bond shall be dated such interest payment date; or, if interest on such Series 2001 A Bond shall be in default, as shown by the records of the Registrar, as defined below, then any Series 2001 A Bond issued in exchange for a Series 2001 A Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2001 A Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing April 1, 2002, upon original issuance, at the rates per annum and will mature on October 1 in the years and in the amounts set forth on the cover page of this Official Statement.

The Series 2001 A Bonds will be issued as fully registered bonds, in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Series 2001 A Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by Fifth Third Bank, Cincinnati, Ohio, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date (the "Record Date") or, in the event of a default in the payment of the Series 2001 A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date, or, if requested, in the case of such an owner of $500,000 or more in principal amount of Series 2001 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the such interest payment date by such owner. Principal of and premium, if any, on the Series 2001 A Bonds is payable to the owner thereof upon surrender thereof at the office of the West Virginia Municipal Bond Commission as paying agent (the "Paying Agent").

Book-Entry Bonds

The Series 2001 A Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2001 A Bonds will not receive certificates representing their interests in the Series 2001 A Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 2001 A Bonds ("Securities"). The Series 2001 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2001 A Bond will be issued for each issue of the Series 2001 A Bonds each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks,

trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange LLC, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities in DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

All redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such

payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

For every transfer and exchange of the Series 2001 A Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

In the event the Town determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 2001 A Bond certificates, the Town may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 2001 A Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 2001 A Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 2001 A Bonds at any time by giving notice to the Town and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Town and the Registrar shall be obligated to deliver Series 2001 A Bond certificates as described in the Ordinance. In the event the Series 2001 A Bond certificates are issued, the provisions of the Ordinance shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption price of and interest on such Series 2001 A Bond certificates. Whenever DTC requests the Town and the Registrar to do so, the Registrar and the Town will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 2001 A Bonds to any Participant having the Series 2001 A Bonds credited to its DTC account or (b) to arrange for another Securities Depository to maintain custody of certificates evidencing the Series 2001 A Bonds.

Optional Redemption

Beginning on October 1, 2011, the Bonds thereafter are subject to redemption prior to maturity at the option of the Town, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	**Redemption Price**
October 1, 2011 to September 30, 2012	101%
October 1, 2012 and thereafter	100%

Mandatory Redemption

The Series 2001 A Bonds maturing on October 1, 2005, 2011, 2016, 2021 and 2025 are subject to mandatory sinking fund redemption prior to maturing on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

$50,000 Series 2001 A Bonds, Due October 1, 2005

Year	Amount
2002	$10,000
2003	$10,000
2004	$15,000
2005	$15,000*

*Final Maturity

$100,000 Series 2001 A Bonds, Due October 1, 2011

Year	Amount
2006	$15,000
2007	$15,000
2008	$15,000
2009	$15,000
2010	$20,000
2011	$20,000*

*Final Maturity

$110,000 Series 2001 A Bonds, Due October 1, 2016

Year	Amount
2012	$20,000
2013	$20,000
2014	$20,000
2015	$25,000
2016	$25,000*

*Final Maturity

$140,000 Series 2001 A Bonds, Due October 1, 2021

Year	Amount
2017	$25,000
2018	$25,000
2019	$30,000
2020	$30,000
2021	$30,000*

*Final Maturity

$150,000 Series 2001 A Bonds, Due October 1, 2025

Year	Amount
2022	$35,000
2023	$35,000
2024	$40,000
2025	$40,000*

*Final Maturity

Notice of redemption will be given to the registered owner or owners of the Bonds by the Town by first class mail, postage prepaid, at least 30 days and not more than 60 days, prior to the date fixed for redemption.

SECURITY FOR THE SERIES 2001 A BONDS

The Series 2001 A Bonds are special obligations of the Town and are payable as to principal, premium, if any, and interest solely from the sources described below. The Town is under no obligation to pay the Series 2001 A Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2001 A Bonds and the Prior Bonds shall be secured by a pledge of the Net Revenues of the System for payment thereof on a parity with the Series 1986 B Bonds and, junior and subordinate to the Series 1983 Bonds. Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2001 A Bonds and the Prior Bonds and to make the payments into the Sinking Fund and all other payments provided for in the Ordinance, and the funds in the Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2001 A Bonds and Prior Bonds on a parity with the Series 1986 B Bonds, junior and subordinate to the Series 1983 Bonds as become due and for the other purposes provided in the Ordinance.

Rate Covenant

The Town covenants and agrees in the Ordinance that the schedule of rates and 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 and interest, if any, on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2001 A Bonds, including the Prior Bonds.

Rate Increase

An Independent Certified Public Accountant has verified that the Town does not meet the rate coverage requirements of the Series 1983 Bonds and the Series 1986 B Bonds, nor does the Town satisfy the parity debt test of the Series 1986 B Bonds. The consent of the holder of the Series 1983 Bonds is not required since the Series 2001 A Bonds are being issued subordinate and junior to, with respect to lien on and pledge of Net Revenue of the System, the Series 1983 Bonds. The holder of the Series 1986 B Bonds has consented to the issuance of the Series 2001 A Bonds on a parity with the Series 1986 B Bonds notwithstanding the insufficiency of rate coverage so long as the Town promptly enacts a rate ordinance which will implement rates sufficient to permit the Town to satisfy the applicable rate coverage and parity debt requirements.

The Town has agreed, and covenanted in the Ordinance, to enact a rate ordinance which will implement rates sufficient to permit the Town to satisfy the applicable rate coverage and parity debt requirements of the

Prior Bonds (the "Rate Ordinance"). The first reading of the Rate Ordinance is scheduled to occur on September 10, 2001. The public hearing and second reading of the Rate Ordinance is scheduled to occur on September 25, 2001. Applicable state regulations mandate that the rates in the Rate Ordinance may not be implemented until forty-five (45) days after the enactment of the Rate Ordinance.

Prior to implementation of the Rate Ordinance, the Public Service Commission of West Virginia (the "PSC") shall review and approve or modify the rates upon the filing of a petition within thirty (30) days of the enactment of the Rate Ordinance by (1) any customer aggrieved by such rates or charges who presents to the PSC a petition signed by not less than 25% of the customers served by the Town; (2) any customer who is served by the Town and who resides outside the corporate limits of the Town and who is affected by such rates or charges and who presents to the PSC a petition alleging discrimination between customers within and without the municipal boundaries; or (3) any customer or group of customers who are affected by such rates who reside within the municipal boundaries and who present a petition to the PSC alleging discrimination between said customer or group of customers and other customers of the Town.

Reserve Account

Pursuant to the Ordinance there will be created with the Commission, the Series 2001 A Bonds Reserve Account established in the Sinking Fund, in an amount equal to the Series 2001 A Bonds Reserve Requirement. The "Series 2001 A Bonds Reserve Requirement" is defined under the Ordinance as the maximum amount of principal and interest which will come due on the Series 2001 A Bonds in any year, assuming that the principal of any Term Bond is deemed due on the earlier of its stated maturity date or the date on which it is required to be redeemed pursuant to mandatory sinking fund redemption. Issuer's funds in the amount of $44,445 will be deposited in the Reserve Account on the date of delivery of the Series 2001 A Bonds. Moneys in the Reserve Account shall be used only to pay principal of and interest on the Series 2001 A Bonds as due, when amounts in the Series 2001 A Bonds Sinking Fund are insufficient therefor. The Town is required to restore any withdrawals from the Reserve Account which have the effect of reducing the assets therein below the Series 2001 A Bonds Reserve Account Requirement, first from the Net Revenues and then from the Renewal and Repayment Fund after all other required payments to the Series 2001 A Bonds Sinking Fund, including any deficiencies for prior payments, have been made in full.

Renewal and Replacement Fund

The Town is required after the payments into the Sinking Fund described above, on the first day of each month, to transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account

Withdrawals and disbursements from the Renewal and Replacement Fund may be made for: (a) To pay the reasonable costs of replacements, emergency repairs, improvements or extensions to the system or (b) To make up any deficiency in any Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the Town (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) Next, so long as the Series 1983 Bonds are outstanding, make disbursements required to be made in connection with the Series 1983 Bonds pursuant to Section 3.02 B of the 1983 Ordinance (3) next, to remit to the Bond Commission (i) the amounts required by the 1986 Ordinance for deposit to the Sinking Fund of the Series 1986 B Bonds for payment of interest, if any, on and principal of the Bonds; (ii) for monthly deposit in the Series 2001 A Bonds Sinking Fund established with the Commission, a sum equal to 1/6 of the amount of interest which will become due on the Series 2001 A Bonds on the next ensuing semiannual interest payment date and (iii) a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2001 A Bonds on the

next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the Town shall make equal monthly payments into the Sinking Fund in an amount which shall be reduced by any earnings credited to the Sinking Fund, if any, will be sufficient to pay principal and interest due on the first principal and interest date); (4) next, remit to the Bond Commission the amount required by the 1986 Ordinance to be deposited in the Reserve Accounts of the 1986 B Bonds, and then for restoration of any deficiency in the funding of the Series 2001 A Bonds Reserve Account; and (5) next, for monthly transfer to the Renewal and Replacement Fund, a sum equal to two and one-half percent of Gross Revenues (less any amount transferred to any Reserve Account) received during the preceding month.

As described under "Sources of Payment" above, the Series 2001 A Bonds and the Series 1986 B Bonds are secured by a second parity lien on the Net Revenues of the System, junior and subordinate to the lien on the Net Revenues of the System of the Series 1983 Bonds.

Enforcement of Collections

The Town covenants in the Ordinance to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State. Under the Act, as hereinafter defined, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The Town further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and any services and facilities of the waterworks system, if so owned by the Town, to all delinquent users of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the Town, the Town shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the PSC and all rules, regulations and orders of the PSC. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on a parity with the Series 2001 A Bonds (limitations on the issuance of parity obligations set forth in the 1983 Ordinance and 1986 Ordinance shall be applicable) with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "additional parity Bonds") for the following purposes and under the following conditions:

> No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any series of Bonds, or both such purposes.
>
> No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Record a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

A. The Bonds then Outstanding;

B. Any Parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

C. The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Town, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds.

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

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in the Ordinance with respect to any Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinance, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Town shall then be in full compliance with all the covenants, agreements and terms of the Ordinance.

THE SYSTEM

History and Development

The System is a municipally-owned sewer utility operated in accordance with the Act and the rules and regulations of the PSC. Under the Act, the Town Council has the authority to establish and maintain rates and charges for the use of services of the System and to issue revenue bonds on behalf of the Town for the purpose of financing the costs of extensions, additions, betterments and improvements to the System.

The System was constructed in 1979 to provide sewerage service to the Town. The System has a nominal capacity of .4 million gallons per day ("Mgd").

Management of the System

Pursuant to the Act, the administration, operation and maintenance of the System is under the supervision and control of the Sanitary Board of the Town. The Sanitary Board is comprised of three (3) members, one of which is, pursuant to the Act, the Mayor, who is required to be both a member and chairperson of the Sanitary Board.

Primary responsibility for the administration of the System, is with the Waste Water Treatment Facilities Supervisor. The other Town employees involved in administration of the System, along with other responsibilities, is the Field Utility Foreman. Biographical information for the Town's employees involved in the management of the System follows:

Bill Forren, Waste Water Treatment Facilities Supervisor: The Town employed Mr. Forren as the Waste Water Facilities Supervisor on August 1, 1987 and he has been with the Town since that time. The Facilities

Supervisor acts as the chief administrative officer of the System, and is responsible for administration of all services of the System.

Rick Burns, Field Utility Foreman: Mr. Burns has been employed by the Town since October 10, 1995 and has served as Field Utility Foreman since that time. Mr. Burns is responsible for the repair and maintenance of all system lines.

Labor Relations

The System presently employs approximately 4 persons. All personnel are employees of the Town and are solely under the management of the Town.

None of the System's employees are members of a labor union. It is the opinion of the management that the System enjoys excellent labor relations.

Customer Statistics

The average numbers of customers of the System for the past four Fiscal Years are as follows:

FY Ending June 30	Residential Customers	Commercial Customers	Total Customers
2001	502	36	538
2000	477	36	513
1999	477	36	513
1998	491	36	527
1997	485	36	521

The following table sets forth the ten (10) largest customers of the System, their annual usage for Fiscal Year 2001 are as follows:

Customer Name	Gallons Billed
Federal Prison Camp	3,858,400
Board of Education - Elementary School	39,200
T Enterprises (Car Wash)	38,200
Riverview Motel	35,000
Alderson Manor Apartments	31,700
Board of Education - Gymnasium	31,400
Alderson LTD Apartments	29,400
Eskins Laundry	25,100
Alderson Big Wheel Restaurant	24,000

Rates

Pursuant to the Act, the governing body of a municipality must fix minimum rates and charges for the use of its municipal sewerage system and increase such rates whenever necessary. Such rates and charges are required by the Act to be sufficient at all times to provide for the payment of interest on all bonds issued pursuant to the Act and to create a sinking fund to pay the principal of such bonds as and when the same becomes due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the sewerage

system, and to provide an adequate depreciation fund, and to make any other payments required or provided for in the applicable bond ordinance.

The Code of West Virginia of 1931, as amended, provides the rates and charges established by municipally-operated utilities shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Such rates and charges must be filed with the PSC but generally are not subject to regulatory approval. However, any customer (including a wholesale user) of a municipally-operated utility aggrieved by a rate change may present to the PCS within 30 days of the adoption of the ordinance providing for the rate change a petition signed by a) not less than 25 percent of the customers served b), the utility. Within 100 days from the filing of any such petition, a hearing examiner must issue an order approving, disapproving or modifying the rate increase. Such order has the full force and effect of the rate increase. Such order has the full force and effect of an order issued by the PSC. Also, if a municipally-operated utility serves customers outside the boundaries of the municipality, the PSC is empowered to review, approve or modify such rates if, within 30 days of the adoption of the ordinance providing for such rates, a customer (including a wholesale user) alleges that such rates are discriminatory. The PSC may determine the method by which such rates are reviewed and may grant and conduct a new hearing on the matter if the customer of the municipality requests such a hearing.

Current Rates

The following table sets forth the current and proposed rates of the System. See "SECURITY FOR THE SERIES 2001 A BONDS - Rate Increase," herein.)

Description	Current Rate	Proposed Rate
Minimum Charge	$16.20	$19.76
First 3,000 gallons used per month - Per 1,000	$5.40	$6.59
Next 7,000 gallons used per month - Per 1,000	$4.65	$5.67
Next 20,000 gallons used per month - Per 1,000	$3.90	$4.76
Next 70,000 gallons used per month - Per 1,000	$3.15	$3.84
Next 100,000 gallons used per month - Per 1,000	$2.40	$2.93
Unmetered Charge (Based on 3,500 gallons)	$16.20	$28.27
Connection or Tap Fee	$250.00	$300.00

Prohibited Discharge

Discharge of downspouts, gutters, or surface drainage shall be prohibited from entry into sanitary sewer lines of the Town.

Wherever the Town has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the Town's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the Town in accordance with the Rules and Regulations of the PSC, to eliminate such connection, then water shutoff procedures are commenced. Water and sewer service are not restored until such customer takes appropriate action.

Billing and Collections

The Town renders monthly billings to its residential customers and monthly billing to its commercial customers. Payments are due 20 days after the billing date. If a bill remains unpaid beyond the due date, a 10%

penalty is added to the delinquent account and delinquency procedures are initiated, including the giving of two termination notices and termination of service 39 days after the initial due date. Service on delinquent accounts remains terminated until payment of the account is made. Upon reinstituting service to a previously delinquent account, a reconnecting charge of $25.00 is required. Termination procedures have been in effect for 2 years. During the period July 1, 2000 through June 30, 2001, service was terminated approximately 48 times to sewer customers for nonpayment.

The Town has covenanted to diligently enforce and collect all fees and charges as described in "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -- **General Covenants -- Enforcement of Collections**" herein.

System Budget and Expenditure

The Ordinance requires that the Town prepare and adopt by resolution at least 45 days preceding the beginning of each fiscal year a detailed budget of the estimated expenditures for operation and maintenance of the System during that succeeding fiscal year. The annual budget is prepared by the Wastewater Treatment Facilities Supervisor and then presented to the Sanitary Board and City Council for adoption.

The Ordinance further provides that no expenditures for the operation and maintenance of the System may be made in excess of the budget without approval by a resolution duly adopted by the council of the Town. The Town is required to provide copies of the annual budget for the System to the Underwriter and to any Bondholder upon request.

Method of Accounting

The Town maintains its accounts on an accrual basis and prepares its financial statements in accordance with generally accepted accounting principles. Jeffrey S. Feamster, Certified Public Accountant, Lewisburg, West Virginia, audited the records of the Town for the fiscal years ended June 30, 1999 (See "Appendix B - Audited Financial Statements for Fiscal Year Ended June 30, 1999" herein.)

Note: The Audit Report of the Town for the fiscal years ended June 30, 2000 and 2001 are currently being prepared and will be available from the Town upon completion.

Summary of Historical Revenues and Expenses

The following schedule summarizes historical revenues and expenses of the System for the three fiscal years ended June 30 2000, 1999 and 1998.

Description	FY Ending June 30 2000	1999	1998
Operating Revenue:			
Domestic Service	$262,089	$260,694	$256,992
Total Sales of Sewer Service	$262,089	$260,694	$256,992
Other Sewer Revenues:			
Misc. Sewerage Revenues	$8,063	$7,756	$11,698
Total Other Sewer Revenues	$8,063	$7,756	$11,698
Total Operating Revenues	$270,152	$268,450	$268,690
Operating Expenditures:			
Collecting	$27,012	$34,424	$33,599
Pumping	$0	$1,942	$124
Treatment and Disposal	$128,033	$108,341	$83,022
Billing and Collection	$11,296	$21,543	$22,361
Administrative and General	$58,522	$53,552	$51,930
Total Operating Expenditures	$224,863	$219,802	$191,036
Other Operating Expenditures:			
Depreciation	$21,036	$19,690	$19,981
Taxes	$10,511	$10,537	$8,832
Total Other Operating Expenditures	$31,547	$30,227	$28,813
Operating Income	$13,742	$18,421	$48,841
Other Income:			
Non-Operating Utility Income			
Interest Earned	$3,322	$4,282	$5,261
Total Other Income	$3,322	$4,282	$5,261
Gross Income	$17,064	$22,703	$54,102
Interest on Long-Term Debt	$49,535	$57,378	$55,985
Net Income	($32,471)	($34,675)	($1,883)
Retained Earnings (Beginning Year)	$80,425	$117,430	$119,312
Misc. Debts to Surplus	$0	($2,329)	($1)
Retained Earnings (Ending Year)	$47,954	$80,426	$117,428

Source: Unaudited Town PSC Annual Reports

Annual Debt Service Requirements

The following table sets forth for each fiscal year during which the Series 2001 A Bonds will be outstanding the amounts payable from Net Revenues as principal of and interest on the Series 2001 A Bonds and the Prior Bonds.

DEBT SERVICE REQUIREMENTS

			------Series 2001 A Refunding Bonds------			
FY Ending June 30	**Series 1983**	**Series 1986B**	**Principal Portion**	**Interest Portion**	**Total Payments**	**Total Payments**
2002	$11,200			$16,745	$16,745	$27,945
2003	$13,440	$2,327	$10,000	$30,195	$40,195	$55,962
2004	$13,440	$2,327	$10,000	$29,695	$39,695	$55,462
2005	$13,440	$2,327	$15,000	$29,070	$44,070	$59,837
2006	$13,440	$2,327	$15,000	$28,320	$43,320	$59,087
2007	$13,440	$2,327	$15,000	$27,570	$42,570	$58,337
2008	$13,439	$2,327	$15,000	$26,820	$41,820	$57,587
2009	$13,440	$2,327	$15,000	$26,070	$41,070	$56,837
2010	$13,440	$2,327	$15,000	$25,320	$40,320	$56,087
2011	$13,440	$2,327	$20,000	$24,445	$44,445	$60,212
2012	$13,440	$2,327	$20,000	$23,445	$43,445	$59,212
2013	$13,440	$2,327	$20,000	$22,395	$42,395	$58,162
2014	$13,440	$2,327	$20,000	$21,295	$41,295	$57,062
2015	$13,440	$2,327	$20,000	$20,195	$40,195	$55,962
2016	$13,440	$2,327	$25,000	$18,958	$43,958	$59,724
2017	$13,440	$2,327	$25,000	$17,583	$42,583	$58,349
2018	$13,439	$2,327	$25,000	$16,170	$41,170	$56,937
2019	$13,440	$2,327	$25,000	$14,720	$39,720	$55,487
2020	$13,440	$2,327	$30,000	$13,125	$43,125	$58,892
2021	$13,439	$2,327	$30,000	$11,385	$41,385	$57,151
2022	$13,439	$2,327	$30,000	$9,645	$39,645	$55,411
2023	$4,028	$2,327	$35,000	$7,751	$42,751	$49,107
2024		$2,327	$35,000	$5,704	$40,704	$43,031
2025		$2,327	$40,000	$3,510	$43,510	$45,837
2026		$2,327	$40,000	$1,170	$41,170	$43,497
TOTALS	$284,021	$55,854	$550,000	$471,300	$1,021,300	$1,361,174

Coverage Ratios

Under the Ordinance, the Town has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 A Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2001 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2001 A BONDS -- Rate Covenant," herein.

The following table presents projected debt service coverage ratios for the Series 2001 A Bonds and Prior Bonds as projected by an independent certified public account following the proposed rate increase. See "SECURITY FOR THE SERIES 2001 A BONDS – Rate Increase," herein.

DEBT SERVICE COVERAGE RATIO

Description	Proforma 2002
Proceeds from sale of sewerage service	$317,622
Payment of operating expenses	$245,155
Cash flow from operations	$72,467
Earnings received from investments	$4,385
Cash flows available for debt service	$76,852
Debt service payments	
GMAC	$13,440
Series 1986 Bonds	$2,327
Series 2001A Bonds	$40,852
Total Debt Service Payments	$56,619
Reserve Requirement	$1,577
Total Det Service	$58,196
Cash flows remaining for capital additions and contingencies	$18,656
Debt service overage ratio	1.36

Source: Jeffrey S. Feamster, CPA, Lewisburg, West Virginia

Management's Discussion

The operating results of the System reflect the results of past operations and are not necessarily indicative of results of operation for any future period. Future operations will be effected by factors relating to changes in rates, other operating costs, environmental regulation, economic growth of the community, labor contracts, population, weather and other matters, the nature and effect of which cannot at present be determined.

Environmental Matters and Waste Disposal

The System is subject to Federal and State water quality requirements and wastewater disposal requirements which, among other things, control discharges of pollutants into waters and ground waters, the quality of effluent discharged from sewage treatment facilities, the disposal of sludge generated by sewage treatment plants, and the nature of waste materials discharged into the collection facilities. The System is also subject to Federal, State and local waste disposal requirements which control the means of disposal of solid or other waste. Environmental requirements generally are becoming increasingly stringent, and further of new requirements may substantially increase the cost of water or wastewater service by requiring changes in the design or operation of existing facilities at well as changes or delays in the location, design, construction or operation of new facilities. There is no assurance that the System facilities in operation, under construction or contemplated will always remain subject to the regulations currently in effect or will be in compliance with future regulations. Failure to comply with such requirements could result in the complete shutdown of individual facilities not in compliance as well as the imposition of civil and criminal penalties. Compliance with environmental standards or deadlines will continue to be reflected in capital and operating costs.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the Town, threatened or affecting the Town (or, to the Town's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the Town's financial position or on the validity of the Series 2001 A Bonds, the Ordinance, or any agreement to which the Town is a party and which is a part of the issuance of the Series 2001 A Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2001 A Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the Town by its counsel, Jesse O. Guills, Jr., Lewisburg, West Virginia, and for the Underwriter by its counsel, Cox, Bowling & Johnson, Lexington, Kentucky.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions, the interest on the Series 2001 A Bonds (a) is excludable from gross income for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (c) under existing West Virginia law, the Series 2001 A Bonds are exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. For the purposes of computing the alternative minimum tax on corporations (as

defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989).

The Town has designated the Series 2001 A Bonds as "qualified tax-exempt obligations" and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 2001. Therefore, the Series 2001 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Series 2001 A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2001 A Bonds is deductible for federal income tax purposes.

The opinions described above are subject to the condition that the Town complies on a continuing basis with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2001 A Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The Town has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2001 A Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2001 A Bonds.

The accrual or receipt of the interest on the Series 2001 A Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2001 A Bonds.

UNDERWRITING

Ross, Sinclaire & Associates, Inc., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2001 A Bonds from the Town at a price of $530,750.00. The Underwriter will be obligated to purchase all of the Series 2001 A Bonds if any are purchased. The Series 2001 A Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

ACCOUNTANT'S CALCULATIONS

Jeffrey S. Feamster, CPA, Lewisburg, West Virginia, an Independent Certified Public Accountant, will certify the debt service savings, coverage requirement and parity test requirement.

FINANCIAL STATEMENTS OF THE TOWN

Included herein as Appendix B is an audited financial statement of the Town as of June 30, 1999, prepared by Jeffrey S. Feamster, CPA, Lewisburg, West Virginia. The financial statement has been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2001 A Bonds.

Copies of the Ordinance, the Undertaking and other applicable documents may be obtained from the Town at the following address:

Town of Alderson
PO Box 179
Alderson, WV 24910

or, during the period of offering the Series 2001 A Bonds, from the Underwriter.

The execution and distribution of this Official Statement has been duly authorized by the Town.

TOWN OF ALDERSON

By: Harriette L. Williams
Mayor

APPENDIX A

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 A

Demographic and Economic Data

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THE TOWN OF ALDERSON
AND
SURROUNDING AREA

Introduction

Greenbrier County, West Virginia was formally established in 1778 and its county seat is Lewisburg. Greenbrier County contains 1,026 square miles and it is the second largest county in the state. Residents enjoy a mild climate with four distinct seasons. Average temperatures range between 51 and 39 degrees. Annual rainfall is 39 inches and snowfall is 50 inches. Greenbrier County is in the southeastern corner of West Virginia on the Virginia state line. A series of steep, parallel ridges and narrow valleys makes up the eastern part of the county which is primarily woodlands and well suited for recreational use. A rolling limestone valley crosses the central part of the county at an elevation of about 2,000 feet. This area is fertile and has been farmed for over 200 years.

Lewisburg is the most prosperous of the many small towns in Greenbrier County. It is the home of the annual West Virginia State Fair in August. Lewisburg is called the "Aspen" of the Appalachians, it has more millionaires per capita than any city east of the Mississippi River. It is also the home of the West Virginia School of Osteopathic Medicine.

Monroe County was created by an act of the Virginia General Assembly on January 14, 1799 from parts of Greenbrier County. The county seat in Monroe County is Union. Monroe County contains 473 square miles. Residents in Monroe County enjoy a mild climate with average January temperatures in the 30's and average July temperatures in the 70's. The annual precipitation for Monroe county averages 36inches. Monroe County is in southeast West Virginia in a mountainous region. There is some natural gas and iron ore in the county. There are also livestock, dairy and fruit farms, as well as limestone quarries.

Union retains the traditional southern community atmosphere of leisurely living. The town is known for a special monument that was built for the Confederate Veterans of Monroe County. The town was named Union because it was a rendezvous site where the troops would gather (forming a union)during the French and Indian Wars.

THE TOWN AND COUNTIES

General

Greenbrier County was created in 1779 from parts of Montgomery and Botetout counties (Virginia), and named for the principal river which drains the county. Greenbrier State Forest and Monogahela National Forest are located in this county. The County Seat of Greenbrier County is located at Lewisburg. Incorporated in 1782 and named for Andrew Lewis, a young surveyor who established a camp near the spring behind the present courthouse. This spring has been know as Lewis Spring since that time. As a tribute to General Andrew Lewis the settlement that has grown up around Lewis Spring was named Lewisburg.

Monroe County was named in honor of James Monroe, who was serving as Governor of Virginia when the new county was formed. He was born April 29, 1758 in Westmoreland County, Virginia, served in the Continental Army, and then a member of the Virginia General Assembly in 1782. James Monroe also served as President of the United States form 1817-1825. His administration was dubbed as the "Era of Good Feelings". James Monroe died on July 1, 1834. Union, the county seat, was settled in 1774 by James Alexander. The town was chartered by the Virginia General Assembly in 1799 and laid out on James Alexander's land. In 1800 he donated land for a courthouse.

The Town of Alderson was named for Rev. John Alderson, Jr. who established the Greenbrier Baptist Church in Alderson in 1781. His family were pioneer Baptists in Pennsylvania, Virginia and, later, in what

became West Virginia. His family immigrated from England to New Jersey in 1719.

Major communities within reasonable traveling distance of Greenbrier and Monroe Counties and the Town of Alderson include:

Location	Distance (miles)
Winston Salem, North Carolina	100
Richmond, Virginia	153
Woodbridge, Virginia	168
Lexington, Kentucky	182
Cincinnati, Ohio	199
Pittsburg, Pennsylvania	167
Columbus, Ohio	179
Arlington, Virginia	181
Silver Springs, Maryland	188

Government

Alderson is served by a mayor/city council form of government with elections held annually and officials taking office every July 1st. Current officers are as follows:

Harryette Williams, Mayor
E. Sterling Hanger, Jr., Council Member
Carol Ann Eskins, Council Member
Carol Willis, Council Member
Julian Ann Parker, Council Member
Jeff Black, Council Member
John C. McCurdy, Recorder

Greenbrier and Monroe Counties are governed principally by an elected three member commission which meets in the County Courthouse. Greenbrier County elects two members to the West Virginia House of Delegates. As part of the 11th Senatorial District the County helps elect two state senators. The United States Fourth Circuit Court of Appeals has an office in Lewisburg.

Population

The current estimated population of Greenbrier County is approximately 35,000 people with a 1.7% population growth between 1990 and 1999. The current estimated population of Monroe County is approximately 15,000 people with a 17.5 percent population growth between 1990 to 2000.

Population of Alderson and Greenbrier and Monroe Counties

	2000	1990	1980	1970
Alderson	1,152	NA	NA	NA
Greenbrier County	34,453	34,693	37,665	32,090
Monroe County	14,583	12,406	12,873	11,272

Transportation

Highways serving the Greenbrier County area are Interstate 64 which crosses the county from east to west. Air transportation is provided through the Greenbrier Valley Airport in Lewisburg, WV. US Air currently provides commuter air service between Greenbrier Valley Airport in Lewisburg and Pittsburgh, Washington D.C. and Charlotte all year long. US Air also provides direct jet service to NY from May through November. A large number of private and corporate aircraft also use the airport to bring guests to the Greenbrier, The Homestead in Hot Springs, Virginia, and the Snowshoe Ski Resort. There are also two aircraft charter services and a helicopter charter located at the Greenbrier Valley Airport.

Climate

Alderson, Greenbrier and Monroe Counties enjoy a four season climate. January is the coldest month with an average temperature of 30 degrees. July is the warmest month with an average temperature of 71 degrees. Annual rainfall averages approximately 16 inches, while annual snowfall averages 23 inches.

Agriculture

The county's 700 active farms focus mainly on beef and dairy cattle, turkeys and sheep. The county is the state's largest beef producer and British United Turkeys of America operates two hatcheries, 121 growing farms and 9 breeding farms. Crops grown are mainly alfalfa, corn, mixed grass and hay. County farms comprise approximately 180,000 acres with an average size of 255 acres.

Medical

Alderson and Greenbrier County are serviced by nine regional health care facilities which include one hospital, four clinics and four nursing homes. Monroe County has no hospitals but it does have 5 dentists and 9 doctors. Listed below are nearby facilities providing health care services to Alderson and Greenbrier County:

Facility	No. of Beds
Greenbrier Valley Medical Center	122
Robert C. Byrd Clinic	N/A
Rainelle Medical Center	N/A
The Greenbrier Clinic	N/A
Greenbrier Physicians	N/A

Financial Institutions

The following banks provide banking services to Alderson and Greenbrier County:

Greenbrier Valley National Bank
First National Bank
One Valley Bank
First Citizens Bank
First State Bank & Trust
City National Bank

Education

Residents of Greenbrier County are proud of and take great interest in their public school system. County schools and businesses participate in an active "Partners in Education" program in which schools and businesses are linked in beneficial one on one relationships. Greenbrier County has six (6) elementary schools, one (1) middle school and two (2) high schools. Monroe County has two (2) elementary schools, one (1) middle school and one (1) high school.

The table below lists colleges within reasonable traveling distance of Greenbrier County and Monroe County:

College	Location
West Virginia School of Osteopathic Medicine	Lewisburg, WV
The College of West Virginia	Beckley, WV
Bluefield State College	Bluefield, WV
Concord College	Athens, WV
Washington Lee Univ.	Lexington, VA

Income and Employment

The estimated per capita income for Greenbrier County is $18,731.00 annually and Monroe County is $14,917.00. The largest employment sector is the service industry representing approximately 34% of all jobs in Greenbrier County and 41% in Monroe County. Retail trade represents 11% of all employment in Greenbrier County and 6% in Monroe County. Manufacturing represents 9.2% in Greenbrier County and 23% in Monroe County, followed by construction at 5.8% in Greenbrier County and 8% in Monroe County, and financial services 2.7% in Greenbrier County only. Source: 1998 Bureau of Business and Economic Research.

Labor Force, Employment and Unemployment

The following table shows a representation of the current labor force and employment data for Greenbrier County, Monroe County and the state of West Virginia:

Year		Greenbrier County	West Virginia	Monroe County
2001 (6/01)	Labor Force	15,510	825,300	5,580
	Total Employed	14,810	785,800	5,440
	Total Unemployed	700	39,500	140
	Unemployment Rate	4.50%	4.80%	2.50%
2000	Labor Force	15,910	811,700	5,620
	Total Employed	14,930	767,300	5,340
	Total Unemployed	980	44,400	280
	Unemployment Rate	6.20%	5.50%	5.00%

Largest Employers

The largest employers in Greenbrier County:

1) CSX Hotels, Inc. (The Greenbrier)
2) Greenbrier County Board of Education
3) Greenbrier Valley Medical Center
4) Wal-Mart Stores, Inc.
5) ABB Automation, Inc.
6) WV Department of Highways
7) WV School of Osteopathic Medicine
8) B.A. Mullican Lumber and Manufacturing Company
9) Hubbard ISA LLC
10) Seneca Mental Health

The largest employers in Monroe County:

1) Monroe County Board of Education
2) The BF Goodrich Company
3) US Department of Justice
4) Monroe County Council on Aging, Inc.
5) Weikle Brothers Lumber Company
6) Monroe County Health Center
7) Hubbard ISA LLC
8) Monroe County Commissioner
9) West Virginia Department of Highways
10) Ashley's IGA Foodliner

APPENDIX B

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 A

Audited Financial Statement
Ending June 30, 1999

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MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 1999

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Funds

Coal Severance Tax
1996 Flood Recovery
Community Center
Parks
Street Excess Levy
Depot Restoration

PROPRIETARY FUND TYPE

Enterprise Funds

Sewerage
Water

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 1999

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MUNICIPALITY OF ALDERSON, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 1999

OFFICE	NAME	TERM
	Elective	
Mayor:	Tom E. Housby	07-01-97 / 06-30-99
Recorder:	Lois Ann Thompson	07-01-97 / 06-30-99
Council Members:	Mark T. Ballard	07-01-97 / 06-30-99
	E. Sterling Hanger, Jr.	07-01-97 / 06-30-99
	George R. Lively	07-01-97 / 06-30-99
	Rodney H. Pack	07-01-97 / 06-30-99
	Earl C. Parker	07-01-97 / 06-30-99
	Appointive	
Treasurer	Martha Steep	
Town Attorney	Jesse O. Guills	

Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

State of West Virginia

Office of the State Auditor
Chief Inspector Division
Building 1, Room W-420
Charleston, West Virginia 25305

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Honorable Mayor and Council
Municipality of Alderson
Alderson, West Virginia 24910

We have audited the accompanying general purpose financial statements of the Municipality of Alderson, West Virginia as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain a response from the Municipality's attorney regarding pending litigation, claims or assessments that may have been or are currently pending against the Municipality. We performed other tests and were unable to ascertain whether any material pending litigation, claims or assessments were or are present and properly reflected.

In our opinion, except for the effects, of such adjustments, if any, as might have been determined and had we been able to obtain the attorney's response to our legal

request, the general–purpose financial statements to above present fairly, in all material respects, the financial position of the Municipality of Alderson, West Virginia, as of June 30, 1999, and the results of its operations and cash flows of its proprietary for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not required part of the general purpose financial statements of the Municipality of Alderson, West Virginia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2000 on our consideration of the municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

June 8, 2000

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 1999

Assets	Governmental Fund Types		Proprietary Fund Type	Totals Reporting Er (Memorandu Only)
	General	Special Revenue	Enterprise	June 30, 1999
Current:				
Cash and cash equivalents	$ (14,519)	$ 79,326	$ 40	$ 64,84
Investments, at cost	1,561	11,322	--	12,88
Receivables – net				
Taxes	989	523	--	1,51
Accounts	22,438	--	166,073	188,51
Due from:				
Other funds	121,237	61,614	24,978	207,82
Prepaid expenses	--	--	1,736	1,73
Total current assets	131,706	152,785	192,827	477,31
Restricted:				
Regular account	--	--	37,071	37,07
Reserved account	--	--	29,783	29,78
Renewal and replacement	--	--	1,202	1,20
Reserve for construction	--	--	67,466	67,46
Reserve for depreciation	--	--	8,885	8,88
Total restricted assets	--	--	144,406	144,40
Fixed:				
Buildings	--	--	1,358,158	1,358,15
Construction in progress	--	--	2,428,597	2,428,59
Less accumulated depreciation	--	--	(2,401,460)	(2,401,46
Total fixed assets	--	--	6,902,703	6,902,703
Other:				
Unamortized bond issue costs	--	--	4,383	4,383
Total assets	$ 131,706	$ 152,785	$ 7,244,319	$ 7,528,810

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 1999

Liabilities and Fund Equity	Governmental Fund Types		Proprietary Fund Type	Totals Reporting Ent (Memorandun Only)
	General	Special Revenue	Enterprise	June 30, 1999
Liabilities:				
Current liabilities payable from current assets:				
Accounts payable	$ 52,200	$ 4,252	$ 11,470	$ 67,922
Other accrued expenses	--	--	16,506	16,506
Due to:				
Other funds	86,593	813	120,423	207,829
Total current liabilities payable from current assets	138,793	5,065	148,399	292,257
Long–term liabilities (net of current portion):				
Revenue bonds payable (net of current portion)	--	--	985,116	985,116
Total long term liabilities	--	--	985,116	985,116
Total liabilities	138,793	5,065	1,133,515	1,277,373
Fund Equity:				
Contributed capital	--	--	7,896,426	7,896,426
Less amortization of capitalized grants	--	--	(1,823,013)	(1,823,013)
Retained Earnings:				
Unreserved	--	--	37,392	37,392

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 1999

	Governmental Fund Types		Proprietary Fund Type	Totals Reporting Er (Memorandu Only)
	General	Special Revenue	Enterprise	June 30, 1999
Fund Balances:				
Reserved for flood disaster	$ --	$ 53,828	$ --	$ 53,82
Unreserved	(7,087)	93,892	--	86,80
Total fund equity	(7,087)	147,720	6,110,804	6,251,44
Total liabilities and fund equity	$ 131,706	$ 152,785	$ 7,244,319	$ 7,528,81

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types		Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	June 30, 1999
Revenues:			
Taxes (including interest and penalties)	$ 82,303	$ 28,788	$ 111,091
Licenses and permits	2,386	--	2,386
Intergovernmental:			
Federal	--	399,158	399,158
State	--	3,587	3,587
Charges for services	55,504	29,765	85,269
Rents and concessions	9,617	--	9,617
Fines and forfeits	1,181	--	1,181
Interest	579	809	1,388
Reimbursements	1,003	--	1,003
Miscellaneous	5,312	8,889	14,201
Total revenues	157,886	470,996	628,882
Expenditures:			
General government	76,085	--	76,085
Public safety	87,497	--	87,497
Streets and transportation	23,047	25,812	48,859
Culture and recreation	2,364	43,488	45,852
Miscellaneous	--	390,464	390,464
Total expenditures	188,993	459,764	648,757
Excess (deficiency) of revenues over expenditures	(31,107)	11,232	(19,875)
Other financing sources (uses):			
Other	--	12,000	12,000
Total other financing sources (uses)	--	12,000	12,000

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types		Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	June 30, 1999
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	$ (31,107)	$ 23,232	$ (7,875)
Fund balances at beginning of year (restated, note D)	24,021	124,488	148,509
Fund balances at end of year	$ (7,087)	$ 147,720	$ 140,634

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended June 30, 1999

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem property taxes	$ 48,825	$ 41,724	$ (7,101)
Alcoholic beverages tax	8,700	8,394	(306)
Utility services tax	33,000	31,563	(1,437)
Animal tax	100	116	16
Gas and oil severance tax	300	506	206
Total taxes	90,925	82,303	(8,622)
Licenses and permits	3,800	2,386	(1,414)
Intergovernmental:			
Charges for services	50,000	55,504	5,504
Rents and concessions	9,000	9,617	617
Fines and forfeits	3,500	1,181	(2,319)
Interest	250	579	329
Reimbursements	1,800	1,003	(797)
Miscellaneous	8,020	5,312	(2,708)
Total revenues	167,295	157,886	(9,409)
Expenditures:			
General government	51,440	76,085	(24,645)
Public safety	84,755	87,497	(2,742)
Street and transportation	31,250	23,047	8,203
Culture and recreation	--	2,364	(2,364)
Education	1,850	--	1,850
Total expenditures	169,295	188,993	(19,698)
Excess (deficiency) of revenues over expenditures	(2,000)	(31,107)	(29,107)
Fund balance at beginning of year	2,000	24,021	22,021
Fund balance at end of year	$ --	$ (7,087)	$ (7,087)

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 1999

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
Coal severance tax	$ 2,500	$ 2,587	$ 87
Interest	120	186	66
Total revenues	2,620	2,773	153
Expenditures:			
Public safety	3,620	--	3,620
Total expenditures	3,620	--	3,620
Excess (deficiency) of revenues over (under) expenditures	(1,000)	2,773	3,773
Fund balance at beginning of year	1,000	9,956	8,956
Fund balance at end of year	$ --	$ 12,729	$ 12,729

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS – PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 1999
Operating revenues:		
Sales and services to customers	$ 551,474	$ 551,474
Discounts and penalties	11,691	11,691
Miscellaneous	8,519	8,519
Total operating revenues	571,684	571,684
Operating expenses:		
Personal services	235,690	235,690
Contractual services	1,264	1,264
Administrative and general	23,812	23,812
Insurance premiums	9,600	9,600
Liability insurance	15,512	15,512
Materials and supplies	63,487	63,487
Utilities	85,703	85,703
Depreciation	169,136	169,136
Maintenance	43,766	43,766
Total operating expenses	647,970	647,970
Operating income (loss)	(76,286)	(76,286)
Nonoperating revenues (expenses):		
Interest revenue	(68,880)	(68,880)
Amortization	(306)	(306)
Total nonoperating revenues (expenses)	(69,186)	(69,186)

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 1999

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 1999
Operating income (loss)	$ (76,286)	$ (76,286)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	169,136	169,136
Decrease (increase) in accounts receivable	(29,818)	(29,818)
Decrease (increase) in due from other funds	(13,324)	(13,324)
Decrease (increase) in prepaid expenses	106	106
Increase (decrease) in accounts payable	1,220	1,220
Increase (decrease) in due to other funds	(4,887)	(4,887)
Net cash provided by operating activities	$ 46,147	$ 46,147

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Alderson, West Virginia conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The government is a municipal corporation governed by an elected mayor recorder and five member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for inclusion in or exclusion from the financial reporting entity is outlined in Governmental Accounting Standards Board Statement Number 14 and includes oversight responsibility over agencies, boards and commissions by the Municipality's Council. Oversight responsibilities include financial accountability (including selection of the governing authority), fiscal dependance and the ability for the council to impose its will on the potential component unit.

Blended Component Unit.
Although legally separate entities, these are, in substance , part of the primary governments operations and so data from these units should be combined with the primary government.

Based on criteria established above, the Municipality of Alderson, West Virginia has no blended component units.

Discretely Presented Component Unit
Legally separate organizations for which elected officials of the primary government are financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

Based on criteria established above, the Municipality of Alderson, West Virginia has no discretely presented component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Municipality of Alderson, West Virginia has the following fund types and account groups:

Governmental funds are used to account for the government's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual basis accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, in accordance with Governmental Accounting Standard Board Statement No. 22, certain taxpayer-assessed revenues such as business and occupation and utility excise taxes are also accrued as revenue at year end. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-derived grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Municipality of Alderson, West Virginia applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Municipality of Alderson, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia ; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that it is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolio's consist of more than seventy – five percent of the indebtedness of any private corporations nor can the portfolio have over twenty–five percent of its portfolio consisting of the indebtedness of a private corporations debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Municipal Pension Funds are governed as to type of investments by West Virginia Code §8–22–22. Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of (1) Direct and general obligations of the state (2) Pooled mortgage trusts. Additionally pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements (2) Common stock, securities convertible into common stocks, or warrants and rights to purchases such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolio's and are separate and distinct from the limitations mentioned above: (1)fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total assets of the total pension fund assets; (2)at no time can the equity portion of the portfolio exceed fifty percent of the total portfolio.

2. Receivables and Payables

Transactions between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non–current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."
Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one–half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five–tenths cents (12.5 cents); On Class II property, twenty–five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory

limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the municipality per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 1999, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense	Excess
Class I	$ 985,482	11.35	6.0
Class II	$ 6,795,114	22.70	12.0
Class IV	$ 8,976,247	45.40	24.0

The Municipality of Alderson, West Virginia held a special election on November 12, 1996. The municipality was authorized to lay an excess levy to provide approximately $18,800 annually during the next three fiscal years ended June 30, 1996 through June 30, 1999, for the purpose of surfacing, renovating, repairing, maintaining, repaving and general improvement to streets, sidewalks, and public ways of the Town of Alderson.

3. *Inventories and Prepaid Items*

There are no material inventories maintained; therefore they do not appear on the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Restricted Assets*

Certain assets of the Enterprise Fund are classified as restricted assets because their use is restricted by bond and grant agreements.

Certain proceeds of the Water and Sewerage enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or fund asset renewals and replacements.

The "reserve for construction account" is used to report those proceeds of revenue bond and grants that are restricted for use in construction.

5. Fixed Assets

Fixed assets used in governmental fund type operations of the entity are recorded as expenditures in the various funds. The government does not maintain a general fixed asset account group as prescribed by generally accepted accounting principles.
Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Property, plant and equipment are depreciated in the proprietary funds of the entity using the straight line method over the following useful lives:

Assets	Years
Buildings	25–50
Structures and Improvements	10–20
Utility Plant	10–40
Equipment	3–10

6. Compensated Absences

The municipality does not account for compensated absences in accordance with generally accepted accounting principles; however, the amount of the liability is not considered to be material.

7. Long–term Obligations

The government should report long–term debt of the governmental funds at face value in the general long term debt account group. Certain other governmental fund obligations not expected to be financed with current available resources should also be reported in the general long–term debt account group. The municipality does not maintain a general long–term debt account group.

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally restricted for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions.

Designations of fund balance represent tentative management plans that are subject to change.

The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

9. Memorandum Only-- Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results in operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

10. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial positions and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The governing body of the municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts.
The governing body made no material supplemental budgetary appropriations throughout the year.
Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 1999, expenditures exceeded appropriations in the General Fund by $19,698 This overexpenditure was funded by available fund balance.

C. Deficit Fund Equity

The General had a deficit fund balance of $7,087 of June 30, 1999. The fund is evaluating methods to rectify the deficit.

The Water fund had a deficit retained earnings of $43,032 as of June 30, 1999. The fund has incurred expenditure in excess of anticipated amounts in this and prior years.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, the government's bank balance of deposits was $222,136. Of the bank balance, $100,000 was covered by federal depository insurance or by collateral held by the government's agent in the government's name.
A reconciliation of cash and investments as shown on the Combined Balance Sheet of the primary government is as follows:

Carrying amount of cash and deposits	$ 209,253
Carrying amount of investments	12,883
Total	$ 222,136

Cash and cash equivalents	$ 64,847
Cash and cash equivalents – restricted	76,351
Investments	12,883
Investments – restricted	68,055
Total	$ 222,136

B. Receivables

Receivables:	General	Special Revenue	Enterprise	Total
Taxes	$ 989	$ 523	$ 0	$ 1,512
Accounts	22,438	0	166,073	188,511
Total receivables	$ 23,428	$ 523	$ 166,073	$ 190,024

C. Fixed Assets

The Municipality of Alderson does not maintain a general fixed asset account group.

The following is a summary of proprietary fund type fixed assets for the Municipality of Alderson at June 30, 1999:

	Enterprise Funds
Land	$ 49,751
Building	1,358,158
Structures and improvements	0
System infrastructure	0
Transmission and distribution	861,170
Machinery and equipment	4,606,487
Leasehold improvements	0
Less: accumulated depreciation	(2,401,460)
Construction in progress	2,428,597
Totals	$ 6,902,703

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 1999, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Coal Severance	General Fund	$ 3,996
Street Excess Levy	General Fund	51,803
Park Fund	General Fund	5,815
General Fund	Community Center	813
General Fund	Water	120,424
Sewerage	General Fund	24,978
Total		$ 207,829

E. Long-term Debt

Revenue Bonds.

The municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 1999 are as follows:

Purpose	Interest Rates	Amount
Wastewater Treatment – Sewer Fund–WDA	9.75%	$ 525,719
GMAC Loan–Water	5.00%	274,650
GMAC Loan–Sewerage	5.00%	184,747
Total		$ 985,116

Revenue bond debt service requirements to maturity, including $1,088,982 of interest, are as follows:

Year Ending June 30	Amount
2000	$ 93,934
2001	93,934
2002	93,934
2003	93,934
2004	93,934
Thereafter	1,604,830
Total	$ 2,074,500

F. Contributed Capital

The changes in the Municipality's contributed capital accounts for the proprietary funds were as follows:

	Enterprise	
Sources	Water	Sewerage
Beginning Balance, contributed capital	$ 1,632,810	$ 4,221,702
Capitalization Grants: Federal		2,041,914
Ending balance, contributed capital	$ 1,632,810	$ 6,263,616

G. Reserved Retained Earnings and Restricted Asset Accounts

The balances of the Municipality's restricted asset accounts are as follows:

Regular account	$ 37,071
Reserve account	29,783
Renewal and replacement account	1,202
Reserve for depreciation	8,885
Reserve for construction	67,466
Total restricted assets	$ 144,406

IV. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Commercial Insurance Services Co. for package/umbrella (general liability) insurance for these various risks.

The Municipality pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

B. Segment Information--Enterprise Funds

The government maintains two enterprise funds. The Water and Sewer Funds account for the provision of basic utility services to all citizens.

Selected segment information for the year ended June 30, 1999, is as follows:

	Water	Sewerage	Total
Operating revenues	$ 303,234	$ 268,450	$ 571,684
Depreciation	52,629	116,507	169,136
Operating expenses (net of depreciation)	248,494	230,339	478,834
Operating income	2,111	(78,397)	(76,286)
Net income (loss)	(13,979)	(131,493)	(145,472)
Current capital contribution	2,041,914	0	2,041,914
Fixed asset additions	(4,444)	0	(4,444)
Net working capital	(47,536)	91,964	44,428
Total assets	1,661,164	5,583,155	7,244,319
Bonds payable	274,650	710,466	985,116
Total equity	1,258,627	4,852,178	6,110,804

C. Employee Retirement Systems and Plans

The Municipality of Alderson, West Virginia does not provide any retirement benefits for its employees.

D. Prior Period Restatement

The following special revenue fund required restatement at the beginning of the year:

	1996 Flood Recovery
Fund Balance at the beginning of the year	$ 0
Add: Increase due to removal of deferred revenue liability	44,334
Fund Balance, restated	$ 44,334

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMPARATIVE BALANCE SHEET – GENERAL FUND
June 30, 1999 and June 30, 1998

	Totals	
	June 30, 1999	June 30, 1998
Assets		
Current:		
Cash and cash equivalents	$ (14,519)	$ 11,422
Investments, at cost	1,561	1,489
Receivables – net		
Taxes	989	7,702
Accounts	22,438	19,500
Due from:		
Other funds	121,237	--
Total assets	131,706	40,113
Liabilities and Fund Equity		
Liabilities:		
Current liabilities payable from current assets:		
Accounts payable	52,200	16,092
Due to:		
Other funds	86,593	--
Total liabilities	138,793	16,092
Fund Balances:		
Unreserved	(7,087)	24,021
Total fund equity	(7,087)	24,021
Total liabilities and fund equity	$ 131,706	$ 40,113

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GENERAL FUND
For the Fiscal Year Ended June 30, 1999 and 1998

	Totals	
	June 30, 1999	June 30, 1998
Revenues:		
Taxes (including interest and penalties)	$ 82,303	$ 83,241
Licenses and permits	2,386	10,984
Charges for services	55,504	64,602
Rents and concessions	9,617	--
Fines and forfeits	1,181	5,835
Interest	579	325
Reimbursements	1,003	--
Miscellaneous	5,312	5,363
Total revenues	157,886	177,808
Expenditures:		
General government	76,085	62,326
Public safety	87,497	97,370
Streets and transportation	23,047	6,318
Culture and recreation	2,364	2,522
Total expenditures	188,993	168,536
Excess (deficiency) of revenues over expenditures	(31,107)	9,272
Fund balances at beginning of year	24,021	14,749
Fund balances at end of year	$ (7,087)	$ 24,021

Street Excess Levy	Depot Restoration	Totals June 30, 1999	Totals June 30, 1998
$ 3,999	$ --	$ 79,326	$ 124,335
--	--	11,322	1,298
523	--	523	--
51,803	--	61,614	--
56,325	--	152,785	125,633
4,252	--	4,252	1,144
--	--	813	--
--	--	--	44,334
4,252	--	5,065	45,478
--	--	53,828	--
52,073	--	93,892	80,155
52,073	--	147,720	80,155
$ 56,325	$ --	$ 152,785	$ 125,633

Street Excess Levy	Depot Restoration	Totals June 30, 1999	Totals June 30, 1998
$ 28,788	$ --	$ 28,788	$ 26,500
--	--	399,158	62,888
--	--	3,587	3,447
--	--	29,765	4,130
107	--	809	810
--	--	8,889	8,670
28,895	--	470,996	106,445
--	--	--	33,074
25,812	--	25,812	10,669
--	--	43,488	10,391
--	--	390,464	30,083
25,812	--	459,764	84,217
3,083	--	11,232	22,228
--	--	12,000	--
--	--	12,000	--

Street Excess Levy	Depot Restoration	Totals June 30, 1999	Totals June 30, 1998
$ 3,083	$ --	$ 23,232	$ 22,228
48,990	--	124,488	57,927
$ 52,073	$ --	$ 147,720	$ 80,155

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING BALANCE SHEET – ENTERPRISE FUNDS
June 30, 1999
With Comparative Totals for 1998

Assets	Water	Sewerage	Totals June 30, 1999	Totals June 30, 1998
Current:				
Cash and cash equivalents	$ 40	$ --	$ 40	$ 40
Receivables – net				
Accounts	79,377	86,696	166,073	136,254
Grants	--	--	--	143,547
Due from:				
Other funds	--	24,978	24,978	51,106
Prepaid expenses	935	802	1,736	1,843
Total current assets	80,352	112,476	192,827	332,790
Restricted:				
Regular account	--	37,071	37,071	85,560
Reserved account	23,369	6,413	29,783	33,716
Renewal and replacement	1,202	--	1,202	1,174
Reserve for construction	1,080	66,386	67,466	91,184
Reserve for depreciation	--	8,885	8,885	10,625
Total restricted assets	25,651	118,755	144,406	222,259
Fixed assets:				
Land	9,071	40,680	49,751	49,751
Buildings	1,120,620	237,538	1,358,158	1,358,158
Transmission and distribution	861,170	--	861,170	861,170
Machinery and equipment	187,285	4,419,202	4,606,487	4,602,043
Construction in progress	--	2,428,597	2,428,597	417,734
Less: accumulated depreciation	(627,368)	(1,774,093)	(2,401,460)	(2,232,323)
Total fixed assets (net of accumulated depreciation)	1,550,778	5,351,924	6,902,703	5,056,533
Other debits:				
Unamortized bond issue costs	4,383	--	4,383	4,692
Total assets	$ 1,661,164	$ 5,583,155	$ 7,244,319	$ 5,616,274

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING BALANCE SHEET – ENTERPRISE FUNDS
June 30, 1999
With Comparative Totals for 1998

	Water	Sewerage	Totals June 30, 1999	Totals June 30, 1998
Liabilities and Fund Equity				
Liabilities:				
Current liabilities payable from current assets:				
Accounts payable	$ 4,341	$ 7,129	$ 11,470	$ 10,250
Refunds payable	--	--	--	10,085
Other accrued expenses	3,123	13,383	16,506	11,371
Contracts payable	--	--	--	205,068
Due to:				
Other funds	120,423	--	120,423	164,763
Total current liabilities payable from current assets	127,887	20,512	148,399	401,537
Current liabilities payable from restricted assets:				
Revenue bonds payable	--	--	--	14,857
Total current liabilities payable from restricted assets	--	--	--	14,857
Notes payable (net of unamortized discounts)	--	--	--	275,796
Revenue bonds payable (net of unamortized discounts)	274,650	710,466	985,116	709,720
Total long term liabilities	274,650	710,466	985,116	985,516
Total Liabilities	402,537	730,978	1,133,515	1,401,910

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING BALANCE SHEET – ENTERPRISE FUNDS
June 30, 1999
With Comparative Totals for 1998

	Water	Sewerage	Totals June 30, 1999	Totals June 30, 1998
Fund Equity:				
Contributed capital	$ 1,632,810	$ 6,263,616	$ 7,896,426	$ 4,167,769
Less: Amortization of capitalized grants	(331,151)	(1,491,862)	(1,823,013)	--
Net contributed capital	1,301,659	4,771,754	6,073,412	4,167,769
Retained Earnings:				
Unreserved	(43,032)	80,424	37,392	46,595
Total retained earnings	(43,032)	80,424	37,392	46,595
Total fund equity	1,258,627	4,852,178	6,110,804	4,214,364
Total liabilities and fund equity	$ 1,661,164	$ 5,583,155	$ 7,244,319	$ 5,616,274

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS – ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 1999
With Comparative Totals for 1998

			Totals	
	Water	Sewerage	June 30, 1999	June 30, 1998
Operating Revenues:				
Sales and services to customers	$ 290,780	$ 260,694	$ 551,474	$ 491,904
Discount and penalties	6,335	5,356	11,691	--
Miscellaneous	6,119	2,400	8,519	7,510
Total revenues	303,234	268,450	571,684	499,414
Operating Expenses:				
Personal services	127,679	108,011	235,690	218,182
Contractual services	632	632	1,264	22,801
Administrative and general	12,697	11,115	23,812	54,793
Rents	4,800	4,800	9,600	--
Liability insurance	7,756	7,756	15,512	--
Material and supplies	32,346	31,141	63,487	61,049
Utilities	33,606	52,097	85,703	43,110
Depreciation	52,629	116,507	169,136	170,328
Maintenance	28,978	14,788	43,766	22,868
Total operating expenses	301,123	346,847	647,970	593,131
Operating income (loss)	2,111	(78,397)	(76,286)	(93,717)
Nonoperating revenues (expenses):				
Interest revenue	(15,784)	(53,096)	(68,880)	6,374
Interest and fiscal charges	--	--	--	(75,151)
Amortization	(306)	--	(306)	(309)
Total nonoperating revenues (expenses)	(16,090)	(53,096)	(69,186)	(69,086)
Net income (loss)	(13,979)	(131,493)	(145,472)	(162,803)
Add depreciation of fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	39,452	96,818	136,270	137,300

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS – ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 1999
With Comparative Totals for 1998

			Totals	
	Water	Sewerage	June 30, 1999	June 30, 1998
Increase (decrease) in retained earnings	$ 25,473	$ (34,676)	$ (9,202)	$ (25,503)
Retained earnings at beginning of year	(68,505)	115,100	46,595	72,098
Retained earnings at end of year	$ (43,032)	$ 80,424	$ 37,393	$ 46,595

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING STATEMENT OF CASH FLOWS– ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 1999
With comparative totals for the fiscal year ended June 30, 1998

	Water	Sewerage	Totals June 30, 1999	Totals June 30, 1998
Cash flows from operating activities:				
Cash received from customers	$ 275,013	$ 242,525	$ 517,538	$ 550,572
Other cash receipts	6,115	--	6,115	--
Cash paid for goods and services	(249,525)	(227,981)	(477,506)	(444,525)
Net cash provided (used) by operating activities	31,603	14,544	46,147	106,047
Cash flows from noncapital financing activities:				
Operating grant	--	2,185,462	2,185,462	--
Net cash provided (used) by noncapital financing activities	--	2,185,462	2,185,462	--
Cash flows from capital and related financing activities:				
Proceeds from bonds	--	--	--	205,068
Principal payments – bonds	(16,004)	(214,407)	(230,411)	(18,541)
Interest paid	(13,045)	(55,365)	(68,410)	(75,231)
Purchase of fixed assets	(4,444)	--	(4,444)	(330,506)
Construction		(2,010,864)	(2,010,864)	
Contributed capital	--	--	--	174,601
Net cash provided (used) by capital and related financing activities	$ (33,493)	$ (2,280,636)	$ (2,314,129)	$ (44,609)

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING STATEMENT OF CASH FLOWS– ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 1999
With comparative totals for the fiscal year ended June 30, 1998

			Totals	
	Water	Sewerage	June 30, 1999	June 30, 1998
Cash flows from investing activities:				
Interest received	$ 387	$ 4,282	$ 4,669	$ 6,374
Net cash provided (used) by investing activities	387	4,282	4,669	6,374
Net increase (decrease) in cash and cash equivalents	(1,503)	(76,348)	(77,851)	67,812
Cash and cash equivalents, July 1, (including $222,259 in restricted accounts)	27,194	195,103	222,297	151,815
Cash and cash equivalents, June 30, (including $144,406 in restricted assets)	$ 25,691	$ 118,755	$ 144,446	$ 219,627

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
COMBINING STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 1999
With comparative totals for the fiscal year ended June 30, 1998

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Water	Sewerage	Totals June 30, 1999	Totals June 30, 1998
Operating income (loss)	$ 2,111	$ (78,397)	$ (76,286)	$ (93,717)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	52,629	116,507	169,136	171,138
Decrease (increase) in accounts receivable	(17,217)	(12,601)	(29,818)	(13,551)
Decrease (increase) in due from other funds	--	(13,324)	(13,324)	19,005
Decrease (increase) in prepaid expenses	40	66	106	53
Increase (decrease) in accounts payable	(1,073)	2,293	1,220	(21,776)
Increase (decrease) in due to other funds	(4,887)	--	(4,887)	44,895
Net cash provided by operations	$ 31,603	$ 14,544	$ 46,147	$ 106,047

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
For the Fiscal Year Ended June 30, 1999

SINGLE AUDIT REPORTING PACKAGE

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 1999

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State Auditor and
Chief Inspector

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Council
Municipality of Alderson
Alderson, West Virginia 24910

We have audited the general purpose financial statements of the Municipality of Alderson, West Virginia, as of and for the year ended June 30, 1999, and have issued our report thereon, dated June 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. In that report, our opinion was qualified due to the Municipality's failure to obtain a response from the municipality's attorney regarding pending litigation.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of Alderson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99–1 through 99–2. We have also listed certain immaterial instances of noncompliance as items 99–3 through 99–13.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Alderson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provided assurance on the internal

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Mayor and Council
Municipality of Alderson
Alderson, West Virginia 24910

Compliance

We have audited the compliance of the Municipality of Alderson, West Virginia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The Municipality of Alderson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Municipality of Alderson's management. Our responsibility is to express an opinion on the Municipality of Alderson's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that would have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Alderson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Municipality of Alderson's compliance with those requirements.

As described in item 99–21 in the accompanying schedule of findings and questioned costs, the Municipality of Alderson did not comply with requirements regarding maintenance of grant records that are applicable to its Corrections – Technical Assistance/ Clearinghouse. Compliance with such requirements is necessary, in our opinion, for the Municipality of Alderson to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Municipality of Alderson, West Virginia, complied in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the Municipality of Alderson is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Municipality of Alderson's control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A–133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Municipality of Alderson's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99–20.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item number 99–20 described above to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general–purpose financial statements of the Municipality of Alderson, West Virginia, as of and for the year ended June 30, 1999, and issued our report thereon dated June 8, 2000. Our audit was performed for the purpose of forming an opinion on the general–purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A–133 and is not a required part of the general–purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general–purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general–purpose financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass–through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

June 8, 2000

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 1999

	Federal CFDA Number	Total Grantor Expenditures
U. S. Department of Housing and Urban Development		
Pass-through Programs From: West Virginia Development Office		
Program Title		
Community Development Block Grant/States Program	14.228	$ 358,234
Total U. S. Department of Housing and Urban Development		358,234
Federal Emergency Management Administration		
Direct Programs:		
Program Title		
Disaster Assistance	83.516	389,664
Total Federal Emergency Management Administration		389,664
U. S. Department of Justice		
Direct Programs:		
Bureau of Prisons;		
Sewer construction:		
Program Title		
Corrections – Technical Assistance/Clearinghouse (Alderson Federal Prison Camp)	16.603	823,426
Total U. S. Department of Justice		823,426
Total Federal Expenditures		$ 1,571,324

The notes to the financial statements are an integral part of this schedule.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 1999

Note 1.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Municipality of Alderson, West Virginia and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal Control over Financial Reporting:

- Material weakness(es) identified ? No
- Reportable condition(s) identified that is/are not considered to be material weakness(es) ? Yes

Non compliance material to the financial statements noted ? Yes

Federal Awards

Internal Control over Major Programs:

- Material weakness(es) identified ? Yes
- Reportable condition(s) identified that is/are not considered to be material weakness(es) ? Yes

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with § __.510(a) of Circular A–133? Yes

dentification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.606	U.S. Department of Justice Bureau of Prisons Corrections – Technical Assistance/Clearinghouse (Alderson Federal Prison Camp)

Dollar threshold used to distinguish between Type A and Type B Program : $ 300,000

Auditee qualify as a low–risk auditee ? No

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Maintenance of Accounting Records
99–1

CONDITION:

It was determined that the Municipality of Alderson failed to maintain adequate accounting records. Specifically, there were missing source documents such as bank statements, invoices and receipts.

CRITERIA:

West Virginia Code §6–9–6 states further that:
"All local governing offices, departments, boards, and commissions shall keep their financial accounts in records and forms approved or prescribed by the chief inspector of public offices..."

CAUSE:

The municipality failed to prepare or retain the necessary accounting records.

EFFECT:

There were inadequate audit trails, questionable transactions and unsubstantiated financial statements.

RECOMMENDATION:

The Municipality is directed to take the necessary actions to ensure that adequate accounting records are maintained for the funds.

AUDITED AGENCY'S RESPONSE:

The officials of the Municipality of Alderson have hired personnel who are cognizant of State Statute .

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Financial Statements
99–2

CONDITION:

It was determined that the Municipality of Alderson failed to prepare formal financial statements including balance sheets and statements of operations for all funds of the municipality.

CRITERIA:

West Virginia Code §6–9–2 states in part that:
"The chief inspector shall formulate, prescribe, and install a system of accounting and reporting in conformity with the provisions of this article, which shall be uniform for all local governmental offices and agencies..."

The chief inspector requires municipalities to prepare their financial statements in accordance with GAAP.

CAUSE:

The municipality did not prepare the necessary financial statements as required by generally accepted accounting principles.

EFFECT:

The Municipality of Alderson does not accurately account for all funds in accordance with generally accepted accounting principles. This failure to accurately account for all funds created reconstruction time and costs to the municipality.

RECOMMENDATION:

The Municipality should prepare formal financial statements for all funds. Furthermore, the balances on these financial statements should be verified and based on supporting schedules and documentation.

AUDITED AGENCY'S RESPONSE:

The Municipality officials will endeavor to utilize their current computer system to provide financial statements that will comply with State Statute.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Expenditures in Excess of Amounts Allocated in the Levy Estimate – General Fund
99–3

CONDITION:

We determined during our audit that the officials of the Municipality of Alderson incurred expenditures for certain items in the General Fund in excess of the amounts allocated for those items in the official levy estimate (budget) as last revised. Specifically, expenditures in the following categories exceeded the approved budget amount.

Category	Budget	Actual	Over Expenditures
General government	$51,440	$76,085	$24,645
Public safety	84,755	87,497	2,742
Culture & Recreation	0	2,364	2,364
Total expenditures	$136,195	$165,946	$29,751

CRITERIA:

West Virginia Code §11–8–26 states in part that:"...a local fiscal body shall not expend money or incur obligations:

(1) In an unauthorized manner;
(2) For an unauthorized purpose;
(3) In excess of the amount allocated to the fund in the levy order
(4) In excess of the funds available for current expenses..."

CAUSE:

The officials of the Municipality of Alderson did not maintain their accounting records in a manner which budget comparisons could be made, nor did the officials periodically review the budget to prevent over expenditures.

EFFECT:

As the result the Municipality of Alderson over expended the budget items.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

RECOMMENDATION:

We recommend that the municipal officials review a budget comparison at the beginning of each quarter to insure that the municipality is within budgetary guidelines.

AUDITED AGENCY'S RESPONSE:

The current computer system has the capability to monitor year to date expenditures with budget estimates.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Insufficient Rates – Water System
99–4

CONDITION:

It was noted during this audit that rates the Municipality of Alderson charges for water service are not sufficient to pay all obligations of the system. As reflected in the statement of revenues, expenses and changes in retained earnings of the enterprise funds, the water fund incurred a net loss of ($43,032) during the fiscal year ended June 30, 1999.

CRITERIA:

West Virginia Code §8–19–4 states in part that:
"...The rates or charges to be charged for the services from such waterworks or electrical power system shall by sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the waterworks or electrical power system, and to provide an adequate depreciation fund, and to make any other payments which shall be required or provided for in the ordinance authorizing the issuance of said bonds."

In addition, according to the GMAC bond legislation, the entity covenants that the schedule of rates be sufficient, together with other revenues of the system, to provide for all reasonable expenses of operation, repair and maintenance of the system, and to leave a balance each year equal to at least 110% of the maximum amount required in any year for principal and interest.

AUSE:

The municipality did not establish water rates high enough to meet all general obligations of the water system.

FECT:

This violation caused the municipality to incur a net loss in the water fund for the current year. This has also caused a net loss in prior years which has resulted in a negative retained earning in the water fund.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

RECOMMENDATION:

The municipal officials of the Municipality of Alderson are directed to review this statute and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

The officials of the Town of Alderson is aware of the deficiency, but funds are not available upgrade current lines. A rate increase will be discussed.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II - Financial Statement Findings

Municipal Ordinance - Sewerage Fund
Bond Accounts with the Municipal Bond Commission
99-5

CONDITION:

It was noted during this audit that the Municipality of Alderson Sewerage Fund had underfunded the 1986 A and B Series Revenue Bonds. The amounts are as follows:

86-A Revenue	$ $14,200
86-A Reserve	$14,606
86-B Revenue	$948
86-B Reserve	$637
Deficiency	$ $30,390

CRITERIA:

West Virginia Code 16-13-16 states in part that:
"...The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments...."

CAUSE:

The municipality did not charge sufficient rates to meet required deposits into the sinking fund.

EFFECT:

The municipality has underfunded its sinking fund which could cause a default on the bonds if the money is not available for payment when bonds and interest become due.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

RECOMMENDATION:

The municipality should establish adequate rates to meet all requirements of the sewerage system, including bond requirements.

AUDITED AGENCY'S RESPONSE:

The officials of the Town of Alderson are making every effort to meet all requirements of the Municipal Bond Commission.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Control and Disposition of Citations
99–6

CONDITION:

It was determined during this examination that the chief of police of the Municipality of Alderson failed to require the return of all copies of every voided citation and failed to maintain a record of the disposition of every traffic citation issued.

CRITERIA:

West Virginia Code §17C–19–7 states in part that:
"(d) The chief administrative officer of every traffic–enforcement agency shall require the return to him of a copy of every traffic citation issued by an officer under his supervision to an alleged violator of any traffic law or ordinance and of all copies of every traffic citation which has been spoiled or upon which any entry has been made and not issued to an violator.

(e) Such chief administrative officer shall also maintain or cause to be maintained in connection with every traffic citation issued by an officer under his supervision a record of the disposition of the charge by the court or its traffic violations bureau in which the original or copy of the traffic citation was deposited."

CAUSE:

The municipality did not establish procedures to insure that copies of all voided citations issued and the dispositions of every citation issued are maintained on record.

EFFECT:

The municipal officials failed to require the return of all copies of every voided citation and failed to maintain a record of the disposition of every traffic citation issued. This failure to maintain citation records is a violation of state code.

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to review this statute and insure that the provisions set forth therein are complied with.

AUDITED AGENCY'S RESPONSE:

The current administration is maintaining copies of all tickets issued.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Timely Deposits
99–7

CONDITION:

It was determined during this examination that the municipal officials failed to insure that all monies collected were deposited into the municipal treasury in a timely manner. Specifically, some revenues were not deposited in the same week collected.

CRITERIA:

West Virginia Code §8–13–15 states in part that:
"Unless otherwise provided, it shall be the duty of the treasurer of the municipality or other individual who may be designated by general law, by charter provisions or by the governing body, to collect and promptly pay into the municipal treasury all taxes, fines, special assessments and other moneys due to the municipality..."

CAUSE:

Internal controls were not in place to insure that all monies collected be deposited into the municipal treasury in a timely manner.

EFFECT:

The effect of this violation is that the municipality was unable to meet current obligations during the year and proper control is not exercised over cash.

RECOMMENDATION:

We recommend that adequate controls be put into place to insure all monies collected are secured until deposited and that deposits be made on a daily basis.

AUDITED AGENCY'S RESPONSE:

The officials of the Municipality of Alderson are now making deposits on a daily basis.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Failure to Submit Budget Revision to Appropriate the Unexpended Balance – General Fund
99–8

CONDITION:

We determined during our audit that officials of the Municipality of Alderson failed to submit a budget revision for the General Fund to appropriate $24,021 of the actual unexpended fund balance at June 30, 1998.

CRITERIA:

West Virginia Code §6–9–3 states in part that:
"...All unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the account with an appropriation is closed."

In addition, a State Supreme Court decision stated that:
"...Any excesses or balances should be carried into the proper funds of the succeeding fiscal year and proper credit made therefore when levies are being laid for that year..." Ireland v Board of Education, 115 WV 614, 177 S.E. 452 (1934).

AUSE:

The municipality failed to appropriate the remaining balance at June 30, 1998 into the next year's budget.

FECT:

As a result, the Municipality of Alderson did not appropriate the entire fund balance of the general fund in the next budget.

COMMENDATION:

We recommend that all cash accounts of the general fund be included in fund balance on the municipal budgets.

DITED AGENCY'S RESPONSE:

The current personnel of the Municipality of Alderson are preparing the budget in the proper manner.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Failure to Submit Budget Revision to Appropriate the Unexpended Balance – Coal Severance Tax Fund
99–9

CONDITION:

It was determined during this examination that the Municipality of Alderson failed to submit a budget revision for the Coal Severance Tax Fund to appropriate $9,956 of the actual unexpended fund balance at June 30, 1998 into the subsequent year's budget.

CRITERIA:

West Virginia Code §11–13a–6(i) states in part that:
"...All unexpended balances remaining in Coal Severance Tax Revenue Fund at the close of a fiscal year shall be reappropriated to the budget of the County Commission or governing body for the subsequent fiscal year. The reappropriation shall be entered as an amendment to the new budget and submitted to the tax commissioner on or before the fifteenth day of July of the current budget year."

CAUSE:

The municipality failed to appropriate the remaining balance at June 30, 1998 into the next year's budget.

EFFECT:

The Municipality of Alderson did not include all funds available in the budget. This failure to reappropriate the remaining balances is in violation of the state code.

RECOMMENDATION:

The municipality is directed to implement effective budgetary controls and submit revisions when necessary to appropriate the actual unexpended balance at the year end into the subsequent year's budget.

AUDITED AGENCY'S RESPONSE:

The current personnel of the Municipality of Alderson are preparing the budget in the proper manner.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Record of Traffic Cases
99–10

CONDITION:

It was determined during this examination that the Municipal Court of the Municipality of Alderson failed to maintain the municipal court docket in the proper manner or adequately record the disposition of all traffic citations issued. The disposition of every case was not reflected, and specifically, no entry had been made in the docket book for 15 months.

CRITERIA:

West Virginia Code §17C–19–7(b) states in part that:
"...Upon the deposit of the original or a copy of such traffic citation with a court having jurisdiction over the alleged offense or with its traffic violations bureau as aforesaid, said original or copy of such traffic citation may be disposed of only by trial in said court or other official action by a judge of said court, including forfeiture of the bail or by the deposit of sufficient bail with or payment of a fine to said traffic violations bureau by the person to whom such traffic citation has been issued by the traffic enforcement officer."

West Virginia Code §17C–19–8 further states that:
"Every justice [magistrate] or judge of a court shall keep or cause to be kept a record of every traffic complaint, or other legal form of traffic charge deposited with or presented to said court or its traffic violation bureau, and shall keep a record of every official action by said court or its traffic violations bureau in reference thereto, including but not limited to a record of every conviction, forfeiture of bail, judgement of acquittal, and the amount of fine or forfeiture resulting from every said traffic complaint deposited with or presented to said court or traffic violations bureau."

USE:

Internal controls were not in place to insure that the municipal court docket and disposition of all traffic citations were properly maintained.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

EFFECT:

The docket book did not reflect every case and its disposition.

RECOMMENDATION:

We recommend that adequate controls be put into place to insure all records are properly maintained.

AUDITED AGENCY'S RESPONSE:

The current officials of the Town of Alderson are recording all entries properly.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Unauthorized Expenditures
99–11

CONDITION:

It was determined during this examination that the Municipality of Alderson made expenditures out of the General fund in an unauthorized manner for unauthorized purposes. Specifically, numerous disbursements were made without the approval of the mayor and pending expenditures were not approved by city council.

CRITERIA:

West Virginia Code §11–8–26 states in part that:
"...a local fiscal body shall not expend money or incur obligation:

(1) In an unauthorized manner;
(2) For an unauthorized purpose;
(3) In excess of the amount allocated to the fund in the levy order;
(4) In excess of the funds available for current expenses."

CAUSE:

The Municipality of Alderson did not establish procedures to insure proper internal controls regarding disbursement of funds.

EFFECT:

The municipality failed to have numerous expenditures approved by city council resulting in unauthorized disbursements.

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to review this statute and insure that the provisions set forth therein are complied with.

AUDITED AGENCY'S RESPONSE:

The officials of the Town of Alderson are now having council approve all expenditures.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Control of Citation Books
99–12

CONDITION:

It was determined during this examination that the municipal officials of the Municipality of Alderson failed to maintain a record of every citation book issued to police officers.

CRITERIA:

West Virginia Code §17C–19–6 states in part that:
"(a) Every traffic–enforcement agency in this state shall provide in appropriate form approved by the commissioner, the superintendent of public safety[WV State Police] and the commissioner of the division of highways, traffic citations containing notices to appear which shall be issued in books with citations in quadruplicate and meeting the requirements of this article.

(b) The chief administrative officer of every such traffic–enforcement agency shall be responsible for the issuance of such books and shall maintain a record of every such book and each citation contained therein issued to individual members of the traffic–enforcement agency and shall require and retain a receipt for every book so issued."

CAUSE:

The municipality did not establish procedures to insure that all citations books issued are maintained on record.

EFFECT:

The municipal officials failed to maintain a record of all citation books as issued to members of the traffic–enforcement agency. This failure to maintain citation records is a violation of state code.

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to review this statute and insure that the provisions set forth therein are complied with.

AUDITED AGENCY'S RESPONSE:

The current administration is maintaining a log of every citation book issued.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Salary Advances
99–13

CONDITION:

It was determined during this examination that salary advances were paid to employees of the Municipality of Alderson.

CRITERIA:

An opinion of the State Attorney General rendered May 29, 1957 (47 Op.Att'y Gen. 221 [1957]) states in part that:

"...Salaries of public officers and employees and employees should not be paid before their services have been rendered..."

CAUSE:

The municipality did not establish procedures to insure that all services are rendered before any payments are made. In addition, schedules of pay advances did not include complete details of all transactions during the audit period.

EFFECT:

There were several pay advances made during the year. This payment to employees before their services have been rendered is in violation of an opinion of the State Attorney General.

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to discontinue the payment of salary advances to employees.

AUDITED AGENCY'S RESPONSE:

The practice of issuing pay advance has been discontinued.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Depository Bond Coverage
99–14

CONDITION:

We noted during our audit of the Municipality of Alderson that daily bank balances were in excess of the amount insured by federal depository insurance without requiring those depositories to provide adequate bond or other security.

CRITERIA:

Proper financial management of municipal funds dictate that any amounts in excess of F.D.I.C. depository insurance should be properly collateralized.

CAUSE:

The municipality had no procedures in place to compare daily amounts on deposit to the amount of insured coverage and no procedure to cause the insured coverage to be increase as needed.

EFFECT:

Due to this weakness in internal control, the municipality was not covered for all amounts on deposit in the event of loss, theft or bank failure.

RECOMMENDATION:

It is recommended that the Municipality of Alderson review the insured coverage with the bank and determine the proper steps to take in order to insure that all deposits are fully insured or collateralized.

AUDITED AGENCY'S RESPONSE:

The municipal officials were not aware of the coverage needed. Funds should not be over F.D.I.C. limits unless additional grant monies are received.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Bank Reconciliations
99–15

CONDITION:

It was determined that the Municipality of Alderson had an excessive number of checking accounts. It was further noted that the municipality failed to reconcile several of their bank statements for the year ended June 30, 1999.

CRITERIA:

In order to maintain adequate internal control and to maintain accurate cash balances, bank reconciliations must be prepared on a monthly basis for all accounts. Also, checking accounts should be kept to a minimum.

CAUSE:

The municipality did not have policies and procedures in place to insure that all bank statements were reconciled in a timely manner. Furthermore, excessive accounts were opened unnecessarily.

EFFECT:

The municipality was unable to ascertain the actual bank balances during the year resulting in large overdraft charges.

RECOMMENDATION:

We recommend that the municipality reconcile all bank statements on a monthly basis and make the necessary adjustments to the municipality's schedule of cash balances. The balances on the municipality's financial statements should be verified and based on supporting documentation or schedules. Furthermore, the municipality should evaluate all checking accounts and eliminate accounts deemed to be unnecessary.

AUDITED AGENCY'S RESPONSE:

Current personnel are reconciling bank statements on a monthly basis.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Miscellaneous Receipts
99–16

CONDITION:

It was determined during this examination that the municipality failed to record miscellaneous receipts in the general ledger on a timely basis.

CRITERIA:

Internal control requires that all revenues be recorded in a timely manner to insure that accurate financial information is available for review.

CAUSE:

The municipality did not have the proper procedures in place to insure that miscellaneous receipts are recorded in a timely manner.

EFFECT:

The Municipality of Alderson was unable to produce accurate monthly bank reconciliations.

RECOMMENDATION:

We recommend that the municipality post all miscellaneous receipts to the general ledger when the amounts are deposited. This will enable accurate bank reconciliations to be produced.

AUDITED AGENCY'S RESPONSE:

Current personnel is posting daily and maintaining an accurate set of records.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Segregation of Duties
99–17

CONDITION:

It was determined during this examination that there is not a proper segregation of accounting duties among the employees of the Municipality of Alderson.

CRITERIA:

In order to achieve adequate internal control, there must be a segregation of accounting duties.

CAUSE:

The municipality has failed to enact adequate internal control policies with regard to the accounting duties of the employees of the Municipality of Alderson.

EFFECT:

The municipality operated under a poor system of internal control which could allow for undetected losses to occur.

RECOMMENDATION:

It is recommended that the municipality review the job duties of its employees and segregate the accounting duties in order to achieve proper internal control.

AUDITED AGENCY'S RESPONSE:

The officials of the Town of Alderson has segregated the duties to insure proper internal control, within reason without hiring additional personnel.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Accounts Receivable
99–18

CONDITION:

During this examination, it was noted that the municipality has not established an allowance for uncollectible accounts with corresponding bad debt expense in order to properly reflect accounts receivable.

CRITERIA:

Generally accepted accounting principles dictate that uncollectible accounts be promptly identified and properly provided for through a direct write–off or an allowance account.

CAUSE:

This situation exists because overdue accounts have not been shown as uncollectible and written off in past years. Additionally, the municipality has no policy in place to facilitate a yearly amount to be recognized through an allowance account.

FFECT:

The result of this omission is that the accounts receivable figure is overstated and required adjustment.

ECOMMENDATION:

The municipality should establish an aggressive procedure for the collection of past due accounts. An analysis should be performed of overdue accounts applicable to prior years. Those accounts for which no collection is likely should be written off directly. The municipality should then prepare an aging of past due accounts and set up an allowance account based on percentages of estimated uncollectibility based on past experience.

DITED AGENCY'S RESPONSE:

A collection firm has been hired to collect some of the delinquent receivable and the accounts receivable detail listing will be reviewed to eliminate uncollectible accounts.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Free Service
99–19

CONDITION:

It was noted during this audit that the Municipality of Alderson provided free utility services to municipal funds and an outside entity, namely:

Alderson Town Hall (General Fund); free water and sewerage
Alderson Fire Department; free water and sewerage
Alderson Water System; free sewerage

CRITERIA:

The bond ordinance requires that the municipality 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.

CAUSE:

The municipality did not establish procedures to insure that utility services are paid by all customers.

EFFECT:

This violation caused the municipality to provide free utility services to customers.

RECOMMENDATION:

The municipal officials of the Municipality of Alderson are directed to review the bond ordinance and comply with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

Meters have been installed in the Town Hall and Water sites. Work is under way to install a meter at the fire department.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section II – Financial Statement Findings

Water Loss
99–20

CONDITION:

The Municipality of Alderson experienced water losses averaging over 49% during the fiscal year ending June 30, 1999, as follows:

Gallons of water pumped	166,665
Gallons of water sold	83,801
Gallons of water lost	82,864

CRITERIA:

Any water loss over fifteen percent (15%) should be investigated and action taken to reduce this loss.

CAUSE:

It appears that the losses are resulting from leaks in the system and free water service offered to other government entities.

EFFECT:

Water usage losses increase operating expenses and contribute to operating losses in the Water Fund.

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to review this situation and take the appropriate action to correct the high percent of water loss.

AUDITED AGENCY'S RESPONSE:

Meters have been installed at sites offering free service, but water lines are old and replacement lines are needed.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section III – Federal Award Findings and Questioned Costs

Maintenance of Grant Records
99–21

GENERAL INFORMATION:

Grant Title: Corrections – Technical Assistance/Clearinghouse

CFDA #: 16.603

Federal Award Number and Year: N/A
Pass Through EIN: N/A
Federal Agency: Department of Justice

CONDITION:

It was determined that the Municipality of Alderson failed to maintain adequate grant records. Specifically, there were missing source documents such as cancelled checks, invoices and receipts. Prior year audit reports were used to obtain CFDA numbers of the federal grants because of insufficient records.

CRITERIA:

Office of Management and Budget Circular A–133 §_.300(a) states that: Adequate controls over grants require that the entity:
"(a) Identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA Title and Number, award number and year, name of the federal agency, and name of the pass–through entity."

AUSE:

The Municipality of Alderson did not establish procedures to insure that all grant related records are maintained.

FFECT:

The municipality lack sufficient documentation to support grant revenues and expenditures.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section III – Federal Award Findings and Questioned Costs

RECOMMENDATION:

The municipality is directed to take the necessary actions to ensure that adequate accounting records are maintained for all federal grants.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section III – Federal Award Findings and Questioned Costs

Improper Use of Federal Funds
99–22

GENERAL INFORMATION:

Grant Title: Department of Justice
Corrections – Technical Assistance/Clearinghouse CFDA #: 16.603

Federal Award Number and Year: N/A
Pass Through EIN: N/A
Federal Agency: Department of Justice

CONDITION:

It was noted during this audit that the Municipality of Alderson, West Virginia allowed funds of $125,900 to be expended for unauthorizd purposes. Specifically, the Corrections – Technical Assistance/Clearinghouse Program loaned the FEMA Hazard Mitigation Project $125,900. This was one disbursment in a total population of 35 checks written. The total amount of the disbursements examined for this program was $2,209,647. We examined 100% of the disbursments for compliance attributes. This loan was paid back within a week.

CRITERIA:

Office of Management and Budget Circular A–133 §_.300(a) states in part that:

"(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

CAUSE:

The Municipality of Alderson did not establish adequate procedures to insure that all federally restricted funds are used only for the specified purpose.

EFFECT:

The municipality failed to adhere to Office of Management and Budget Circular A–133 guidelines resulting in the improper use of federal funds.

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to review the federal guidelines and insure that the provisions set forth therein are complied with.

MUNICIPALITY OF ALDERSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Section III – Federal Award Findings and Questioned Costs

RECOMMENDATION:

The municipal officials of the Town of Alderson are directed to review the federal guidelines and insure that the provisions set forth therein are complied with.

TOWN OF ALDERSON
POST OFFICE BOX 179
CITY BUILDING - 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
TELEPHONE (304) 445-2916
FAX (304) 445-7248

CORRECTIVE ACTION PLAN

Corrective action plan for all findings and questioned costs defined in & .510(a) of OMB Circular No. A-133

Reference Number: 99-21

Audit Finding Title: Maintenance of Grant Records
Contact Person: Harryette Williams
Completion date: July 13, 2000

Corrective Action planned to be taken:

The Town of Alderson has taken steps to insure that all records related to federal funding are maintained in accordance with Office of Management and Budget Circular A-133

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CORRECTIVE ACTION PLAN

Corrective action plan for all finding and questioned costs defined in & .510(a) of OMB Circular No. A-133

Reference Number: 99-22

Audit Finding Title: Improper use of Federal Funds

Contract person: Harryette Williams

Completion date: July 13, 2000

Corrective Action Plan planned to be taken:

The Town of Alderson has taken steps to insure that all expenditures related to federal program are used only for the specified purposes.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number: N/A
Audit Finding Title: N/A
Completion Date: N/A

There were no findings in the prior audits related to federal programs

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APPENDIX C

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 A

Proposed Form of Bond Counsel Opinion

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[LETTERHEAD OF STEPTOE & JOHNSON PLLC]
(Form of Approving Opinion of Bond Counsel)

September 13, 2001

$550,000
Town of Alderson
Sewer Refunding Revenue Bonds, Series 2001 A

Town of Alderson
Alderson, West Virginia

Ross, Sinclaire & Associates, Inc.
Lexington, Kentucky

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Alderson (the "Issuer") and examined a record of proceedings relating to the issuance by the Issuer of its $550,000 in aggregate principal amount Sewer System Refunding Revenue Bonds, Series 2001 A (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on August 31, 2001, as supplemented by Supplemental Resolutions duly adopted by the Issuer on August 31, 2001 and September 10, 2001 (collectively, the "Ordinance") and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance.

The Bonds are issued in fully registered form, are dated September 13, 2001, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing October 1, 2005, as follows:

Maturity	Amount	Interest Rate
2005	$ 50,000	5.00%
2011	$100,000	5.00%
2016	$110,000	5.50%
2021	$140,000	5.80%
2025	$150,000	5.85%

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of paying a portion of the costs necessary to (i) current refund all of the Issuer's outstanding Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, issued in the original aggregate principal amount of $490,364, of which $454,528 is presently outstanding (the "Series 1986 A Bonds"); (ii) fund a reserve account for the Bonds; (iii) pay costs of issuance of the Bonds and other costs in connection with such refunding; and (iv) pay the costs of acquisition and construction of certain additions, betterments and improvements to the Issuer's public sewerage system (the "System").

The Bonds have been sold to Ross, Sinclaire & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September 7, 2001, and accepted by the Issuer (the "Purchase Agreement").

Except as specifically set forth in our opinion of even date herewith rendered to Ross, Sinclaire & Associates, Inc., as Underwriter, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement, dated September 7, 2001 (the "Official Statement"), or other offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Ordinance, the Tax and Non-Arbitrage Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Ordinance and the Tax and Non-Arbitrage Certificate and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to refund the Series 1986 A Bonds, enact the Ordinance, enter into the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under the laws, regulations, published rulings and judicial decisions of the United States of America existing on the date hereof, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds except as expressly set forth in paragraph 5.

5. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2001. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

7. The Series 1986 A Bonds have been paid within the meaning and with the effect expressed in the 1986 Ordinance, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1986 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission relating to the sufficiency of the moneys on deposit in the Series 1986 A Bonds Sinking Fund to provide for the payment on October 1, 2001 of the principal of and interest on the Series 1986 A Bonds and the redemption premium as determined by the Registered Owner of the Series 1986 A Bonds.

8. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

9. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Ordinance and secured by a second lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, and junior and subordinate to the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, all in accordance with the terms of the Bonds and the Ordinance.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 A

Summary of Certain Provisions of the Ordinance

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SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

The following is a summary of certain provisions of the Ordinance. The summary does not purport to be a comprehensive statement of the terms and provisions thereof, for which reference is made to the complete text of the Ordinance, copies of which may be obtained from the Underwriter. Capitalized terms used herein and not otherwise defined shall have the meanings as defined in the Ordinance.

Application of the 2001 A Bond Proceeds

All interest accrued on the Series 2001 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2001 A Bonds Sinking Fund and applied to payment of interest on the Series 2001 A Bonds at the first interest payment date.

An amount of the proceeds of the Series 2001 A Bonds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1986 A Bonds (which amount shall be set forth in the Supplemental Resolution) shall be deposited in the Series 1986 A Bonds Sinking Fund.

An amount of the proceeds of the Series 2001 A Bonds equal to the Series 2001 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2001 A Bonds Reserve Account; provided that, to the extent the Series 2001 A Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1986 A Bonds pursuant to the 1986 Ordinance, proceeds of the Series 2001 A Bonds shall be deposited in the Series 2001 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2001 A Bonds Reserve Requirement.

An amount of the proceeds of the Series 2001 A Bonds which shall be sufficient to pay all costs of issuance shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Town solely to pay costs of issuance of the Series 2001 A Bonds and miscellaneous costs of refunding the Series 1986 A Bonds at the written direction of the Town. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with the Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred to the Series 2001 A Bonds Redemption Account. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2001 A Bonds.

The balance of any proceeds of the Series 2001 A Bonds and any moneys in any fund or account established for the Series 1986 A Bonds pursuant to the 1986 Ordinance, not used for any of the purposes set forth above, shall be deposited in the Construction Fund and shall be drawn out, used and applied by the Town solely to pay the costs of acquisition and construction of certain improvements and extensions to the System (the "Project"). All such costs of the Project shall be paid within 6 months of the Closing Date. Moneys not to be applied immediately to pay such costs of the Project may be invested in accordance with the Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. All such

proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2001 A Bonds.

Application of System Revenues

The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the Town in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner therein provided.

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

(2) The Town shall next, on the first day of each month, so long as the Series 1983 Bonds are outstanding, transfer from the Revenue Fund and simultaneously make the disbursements required to be made in connection with the Series 1983 Bonds, pursuant to Section 3.02B of the 1983 Ordinance.

(3) The Town shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to: (i) the Bond Commission the amounts required by the 1986 Ordinance to pay the interest, if any, on and the principal of the Series 1986 Bonds; (ii) the Bond Commission commencing 6 months prior to the first interest payment date on the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2001 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2001 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2001 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2001 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2001 A Bonds Sinking Fund; and (iii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, and in the Series 2001 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be

redeemed and become due on the Series 2001 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2001 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Town shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) the amount required by the 1986 Ordinance for deposit in the respective Series 1986 B Bonds Reserve Accounts; and (ii) for deposit in the Series 2001 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2001 A Bonds Reserve Account below the Series 2001 A Bonds Reserve Requirement or any withdrawal from the Series 2001 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2001 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2001 A Bonds Reserve Account is less than the Series 2001 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2001 A Bonds Reserve Account for deposit into the Series 2001 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2001 A Bonds Reserve Account to an amount equal to the Series 2001 A Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2001 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2001 A Bonds Reserve Requirement.

(5) The Town shall next, from the moneys remaining in the Revenue Fund (as previously set forth in the 1986 Ordinance and not in addition thereto) on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements

may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2001 A Bonds when due, when amounts in the Series 2001 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Town shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2001 A Bonds issued pursuant to the Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2001 A Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 2001 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of the Ordinance.

The Town shall restore any withdrawals from the Series 2001 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2001 A Bonds Reserve Requirement from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made to the Series 1983 Bonds and then, on a parity and pro rata, with respect to the Series 1986 B Bonds and the Series 2001 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account created hereunder, and

all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Town at the times provided therein.

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.

The Town shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any charges and fees then due.

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

If on any monthly payment date the Net 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 the Ordinance, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

Investments

The Town shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by the Ordinance in Qualified Investments to the fullest extent possible under applicable laws, the Ordinance, the need for such moneys for the purposes set forth therein and the specific restrictions and provisions set forth in the Ordinance.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Town 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 Town may make any and all investments permitted by the Ordinance through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under the Ordinance:

(A) Qualified Investments acquired for the Series 2001 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Town shall, or shall cause the Bond Commission to, semiannually transfer from the Series 2001 A Bonds Reserve Account to the Series 2001 A Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2001 A Bonds Reserve Account an amount at least equal to the Series 2001 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2001 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2001 A Bonds Reserve Account shall, at any time, be less than the applicable requirement therefor, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 of the Ordinance.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2001 A Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2001 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

General Covenants

Operation and Maintenance

The Town will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Sale of the System

So long as the Series 1986 B Bonds and the Series 1983 Bonds are outstanding, the Town shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Ordinances authorizing the Series 1986 B Bonds and the Series 1983 Bonds. Additionally, so long as the Series 2001 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the Ordinance in accordance with Article IX thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 A Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2001 A Bonds Sinking Fund, and the Town shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2001 A Bonds. Any balance remaining after the payment of the Series 2001 A Bonds and interest thereon shall be remitted to the Town by the Bond Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Town shall, by Ordinance, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Town shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by Ordinance duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Town to the Bond Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the Ordinance. No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Town shall prepare the form of such approval and consent for execution by

the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Issuance of Other Obligations Payable Out of
Revenues and General Covenant Against Encumbrances

Except as provided for in the Ordinance, the Town 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 2001 A Bonds. All obligations issued by the Town after the issuance of the Series 2001 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 2001 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 therein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Town shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 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 2001 A Bonds and the interest thereon, if any, in the Ordinance, or upon the System or any part thereof.

Additional Parity Bonds

So long as the Series 1986 B Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the 1986 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 2001 A Bonds pursuant to the Ordinance, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Ordinances authorizing the Series 1986 B Bonds).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Town, the period for appeal of which has expired (without successful appeal) prior to the date of issuance of such Parity Bonds.

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

All covenants and other provisions of the Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with the Ordinance. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Town shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountant, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2001 A Bonds on such revenues. The Town shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in the Ordinance, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in the Ordinance with respect to the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinance, and any other payments provided for in the Ordinance, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Town shall then be in full compliance with all the covenants, agreements and terms of the Ordinance.

Any certifications requiring computations establishing that debt service coverage is sufficient to support the issuance of parity bonds or that requisite debt service savings are available to support the issuance of refunding bonds shall, in all cases, be evidenced by a certificate of an Independent Certified Public Accountant.

No additional bonds, notes, certificates, contracts or any other obligations shall be issued by the Town unless no Event of Default shall have occurred and be continuing with respect to the Bonds.

Insurance and Bonds

The Town hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Town will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Town will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Town and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Town.

FIDELITY BONDS will be provided as to every officer, member and employee of the Town 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.

No Free Services

The Town will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Town or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. 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.

Enforcement of Collections

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, when due, shall become a lien on the premises served by the System. The Town further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the waterworks system, if so owned by the Town, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the Town, the Town shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

No Competing Franchise

To the extent legally allowable, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Books and Records

The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of

all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as it shall direct.

The Town shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Town shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to the Ordinance and shall file said report with the Original Purchaser.

Operating Budget

The Town shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Town shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased

expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Original Purchaser, the Bond Insurer and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Mandatory Connections

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

Statutory Mortgage Lien

For the further protection of the Holders of the Series 2001 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 2001 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds, and junior and subordinate to the statutory mortgage lien in favor of the Holders of the Series 1983 Bonds.

Events of Default

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2001 A Bonds;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part in the Ordinance or any Supplemental Resolution or in the Series 2001 A Bonds contained, and such

default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Town by any Bondholder or any Bond Insurer;

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

(D) If default occurs with respect to the Series 1986 B Bonds or the Series 1983 Bonds or the Ordinances authorizing the Series 1986 B Bonds and the Series 1983 Bonds.

The Town must cure any covenant default within 30 days after notice of the default. Notwithstanding any other provision of the Ordinance, failure to pay principal of or interest on the Bonds shall be an immediate event of default and no notice shall be required.

No waivers shall be granted by any party to the Bond documents without the prior written consent of the Bond Insurer, if any.

Enforcement

Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Town to perform its duties under the Act and the Ordinance;

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the Bondholders; and/or

(E) By action or bill in equity enjoin any acts in violation of the Ordinance or the rights of the Bondholders.

No remedy by the terms of the Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2001 A Bonds shall be on a parity with

those of the Holders of the Series 1986 B Bonds and junior and subordinate to those of the Holders of the Series 1983 Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Appointment of Receiver

If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as therein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Ordinance and the Act.

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

Whenever all that is due upon the Bonds issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Net Revenues of the System shall have been paid and made good, and all defaults under the provisions of the Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver 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 therein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and the Holders of the Bonds issued pursuant to the Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any

assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and the Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of the Ordinance, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Defeasance; Discharge of Pledge of Ordinance

If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2001 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Town on behalf of the Holders of the Series 2001 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

The Series 2001 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2001 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2001 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2001 A Bonds on and prior to the maturity date thereof, or if the Town irrevocably determines to redeem any of the Series 2001 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to the Ordinance nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2001 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2001 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Town as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall

mean and include only Government Obligations, as such term is limited by the provisions in the Ordinance or such additional securities as shall be set forth in the Supplemental Resolution.

Amendment

No materially adverse amendment or modification to the Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2001 A Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Town before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2001 A Bond without the express written consent of the Holder of each Series 2001 A Bond so affected, nor reduce the percentage of Series 2001 A Bonds required for consent to any such modification or amendment.

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APPENDIX E

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 A

Proposed Form of Accountant Certificate

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[LETTERHEAD OF JEFFREY S. FEAMSTER, CPA]

September 13, 2001

Town of Alderson
Sewer Refunding Revenue Bonds, Series 2001 A

Town of Alderson
Alderson, West Virginia

Ross, Sinclaire & Associates, Inc.
Lexington, Kentucky

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

In connection with the issuance and delivery of the above-captioned bonds (the "Series 2001 A Bonds"), a portion of the proceeds of which will be used to prepay and current refund The Town of Alderson's (the "Issuer") Sewer Revenue Bonds, Series 1986 A (the "Series 1986 A Bonds"), I have reviewed the debt service schedules (copies of which are attached hereto and incorporated herein by reference) for the Series 1986 A Bonds and the Series 2001 A Bonds and, based upon such review, I hereby certify that the savings to be achieved by such refunding will be approximately $157,460.61, determined by deducting $1,021,299.75, the total debt service on the Series 2001 A Bonds from $1,178,760.36, the remaining debt service remaining on the Series 1986 A Bonds.

I have reviewed the sewer rates of the Issuer and have verified that the Town does not meet the rate coverage requirements of the Series 1983 Bonds and the Series 1986 B Bonds, nor does the Town satisfy the parity debt test of the Series 1986 B Bonds in order to issue the Series 2001 A Bonds. The Town has agreed to enact, at the earliest possible date, a Rate Ordinance which will implement rates sufficient to permit the Town to satisfy the applicable rate coverage and parity debt requirements.

I have reviewed the current operating expenses and customer usage as provided by the Issuer and, following the enactment of the aforementioned Rate Ordinance, it is my opinion that such rates will be sufficient (i) to provide for all operating expenses of the sewerage system of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), Sewer Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and the Series 2001 A Bonds proposed to be issued on September 13, 2001.

Very truly yours,

Jeffrey S. Feamster, CPA

TOWN OF ALDERSON
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

BOND PURCHASE AGREEMENT

September 10, 2001

Town of Alderson
P.O. Box 179
Alderson, West Virginia 24910

Ladies and Gentlemen:

Ross, Sinclaire & Associates, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Town of Alderson (the "Town"). This offer is made subject to acceptance and execution of this Purchase Agreement by the Town prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the Town as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Mayor of the Town in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Town and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Ordinance.

1. The Town of Alderson (West Virginia) Sewer Refunding Revenue Bonds, Series 2001 A ("Series 2001 A Bonds") are being issued to provide funds, together with other funds available therefor, to (i) refund the Town's Sewer Revenue Bonds, Series 1986 A, issued pursuant to an ordinance enacted July 31, 1986 (the "1986 Ordinance"), originally issued in the aggregate principal amount of $490,364 and presently outstanding in the aggregate principal amount of $454,528 (the "Series 1986 A Bonds"); (ii) fund a reserve account (the "Reserve Account") in the sinking fund (the "Sinking Fund") established with the West Virginia Municipal Bond Commission for the Series 2001 A Bonds in an amount equal to the maximum amount of principal and interest which will come due on the Series 2001 A Bonds in any year; (iii) pay certain costs of issuance of the Series 2001 A Bonds and related costs; and (iv) to pay certain costs of acquisition and construction of certain additions to the System.

The Series 2001 A Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Bond Ordinance enacted by the City Council of the Town on August 31, 2001, as supplemented and amended by Supplemental Resolutions adopted by the Council on August 31, 2001 and September 10, 2001 (collectively, the "Ordinance"). The Ordinance shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the Town's and

Underwriter's counsel shall approve.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Town, and the Town agrees to sell to the Underwriter the Series 2001 A Bonds at an aggregate purchase price of $530,750.00, as hereinafter defined. This purchase price reflects an underwriter's discount of $19,250.00 and an original issue discount of $0.00. The Series 2001 A Bonds shall mature on the dates and in the amounts set forth in Exhibit A hereto, and shall bear interest, payable semiannually on April 1 and October 1, commencing April 1, 2002. The Series 2001 A Bonds are subject to optional and mandatory sinking fund redemption as set forth in Exhibit A hereto.

The Underwriter agrees to make a bona fide public offering of the Series 2001 A Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibit A, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the Town, the Town shall deliver or cause to be delivered to the Underwriter prior to delivery of the Series 2001 A Bonds five copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the Town by its Mayor as requested below.

3. The Official Statement has been approved for distribution by the Ordinance. The Town authorizes the use of copies of the Official Statement and the Ordinance in connection with the public offering and sale of the Series 2001 A Bonds.

On September 10, 2001, the Town delivered to the Underwriter the Official Statement and the Underwriter received a certificate from the Town which deemed the Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The Town shall hereafter deliver to the Underwriter, as promptly as practicable but in no event later than September 13, 2001, such number of copies of the Official Statement as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board and Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, if applicable.

As soon as practicable following receipt thereof, the Underwriter shall deliver the Official Statement, and any supplement or amendment thereto, to a nationally recognized municipal securities information repository.

4. At 10:00 a.m. prevailing time, on September 13, 2001, or such other date as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the Town will deliver or cause to be delivered to the Underwriter, (a) the Series 2001 A Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the Town and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other

documents required in this Purchase Agreement and by the Ordinance. Upon such delivery of the Series 2001 A Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the Town. Such delivery shall be made at DTC (or at the offices of the Registrar, if "DTC Fast" delivery is used), with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Series 2001 A Bonds shall be made available to the Underwriter at DTC forty-eight (48) hours before the Closing, provided that if DTC Fast delivery is used then the Series 2001 A Bonds shall be made available to the Registrar by 4:00 p.m. on September 12, 2001, for the purpose of inspection and packaging. The Town also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") and the timely payment letter at the times required by The Depository Trust Company.

5. The Town represents and warrants to the Underwriter and agrees that:

(a) The Town is a political subdivision and a municipal corporation of the State of West Virginia in Monroe and Greenbrier Counties of said State. The Series 2001 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act");

(b) The Town shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The Town has full legal right, power and authority to issue bonds for purposes provided in the Ordinance and to enter into this Purchase Agreement, to enact the Ordinance and to issue, sell and deliver the Series 2001 A Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The proceeds of sale of the Series 2001 A Bonds, together with other funds available therefor shall be sufficient to defease the Series 1986 A Bonds and the liens of the ordinances authorizing such bonds, all in accordance with the provisions of the Act;

(e) The information contained in the Official Statement is and, as of the Closing Date, will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(f) At the time of the Town's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Series 2001 A Bonds (as determined in accordance with subparagraph (k) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they

were made, not misleading;

(g) If the Official Statement is supplemental or amended pursuant to subparagraph (i) at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Series 2001 A Bonds (as determined in accordance with subparagraph (k) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Series 2001 A Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Town shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Town will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the Town and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(i) Prior to the Town's acceptance hereof, the Town delivered to the Underwriter copies of the Official Statement which the Town deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, if applicable) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (j) the Town shall not be deemed to have made any additional representation or warranty as to the Official Statement other than the representation and warranty contained in paragraph (f);

(j) For purposes of this Purchase Agreement, the End of the Underwriting Period for the Series 2001 A Bonds shall mean the earlier of (a) the day of the Closing unless the Town has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Series 2001 A Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the Town by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the Town pursuant to clause (a) above that the "end of the underwriting period" for the Series 2001 A Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the Town in writing as soon as practicable following the "end of the underwriting period" for the Series 2001 A Bonds for all purposes of the Rule;

(k) The Underwriter has determained pursuant to rule 15 c2-12(b)(5), the Town is not required to enter into a written continuing disclosure undertaking (an "Undertaking");

(l) You have duly authorized all necessary action to be taken by you for: (l) the issuance and sale of the Series 2001 A Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (2) the execution and delivery of the Ordinance; (3) the approval of the Official Statement and the execution of the Official Statement by your Mayor; (4) the refunding of the Series 1986 A Bonds pursuant to the Ordinance; (5) the execution, delivery, receipt and due performance of this Purchase Agreement, the Series 2001 A Bonds, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Ordinance and the Official Statement;

(m) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Series 2001 A Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Town payable solely from the Net Revenues and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance. Neither the credit nor the taxing power, if any, of the Town shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of or the interest on the Series 2001 A Bonds;

(n) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to your knowledge, threatened against or affecting you (or, to your knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Series 2001 A Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Series 2001 A Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(o) The execution and delivery of the Official Statement, this Purchase Agreement, the Series 2001 A Bonds, the Ordinance and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound, and to your knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(p) The Town has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Town is a bond issuer whose arbitrage certifications may not be

relied upon;

(q) All financial statements of the Town included as a part of the Official Statement, fairly present the Town's financial condition as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Official Statement, there has not been any material change in the long-term debt or capitalization of the Town or any material adverse change in the general affairs, management, financial position, or results of operations of the Town and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the Town, except as reflected in or contemplated by the Official Statement; and

(r) Any certificate signed by the Mayor or any authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Town to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the Town contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the Town, and that any obligation or liability of the Town hereunder or under the Ordinance will be payable solely out of the Net Revenues and other income, charges and moneys derived by the Town from, or in connection with the sale of the bonds, nor shall any member, official or employee of the Town be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the Town made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of Closing, the Ordinance shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter.

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Series 2001 A Bonds (such cancellation shall not constitute a default hereunder) by notifying the Town in writing of its election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2001 A Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2001 A Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Series 2001 A Bonds, or the issuance, offering or sale of the Series 2001 A Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Official Statement or the Underwriter shall have determined that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Series 2001 A Bonds, or the market price generally of obligations of the general character of the Series 2001 A Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Series 2001 A Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Series 2001 A Bonds;

(vii) An event described in paragraph 5(i) hereof shall have occurred which in the opinion of the Underwriter requires the preparation and publication of a supplement or amendment to the Official Statement, regardless of whether or not such a supplement or amendment to the Official Statement has been prepared and/or circulated, unless the Underwriter shall have otherwise agreed that this Purchase Agreement shall not be terminated as a result of such event; or

(viii) There shall have been any materially adverse change in the affairs of the Town.

(c) At or prior to the Closing, the Underwriter and the Town shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(1) The unqualified approving opinion, dated as of the Closing Date, of Steptoe & Johnson PLLC, Bond Counsel, in the form attached as Appendix C to the Official Statement accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit B and an opinion with respect to the defeasance of the Series 1986 A Bonds;

(2) The opinion of Jesse O'Dell Guills, Jr., Esq., Lewisburg, West Virginia, Counsel for the Town, dated the date of Closing and addressed to the Underwriter in the form attached hereto as Exhibit C;

(3) The opinion of Cox, Bowling & Johnson, PLLC, Lexington, Kentucky, counsel for the Underwriter, dated as of the Closing Date, substantially in the form attached hereto as Exhibit D;

(4) A certificate, satisfactory to the Underwriter, of the Mayor of the Town or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2001 A Bonds, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the issuance or sale of the Series 2001 A Bonds or in any way affecting any authority for or the validity of the Series 2001 A Bonds, the Ordinance or your existence or powers or the Town's right to use the proceeds of the Series 2001 A Bonds to refund the Series 1986 A Bonds, and (iv) the execution, delivery, receipt and due performance of the Series 2001 A Bonds, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound;

(5) Verification of the debt service savings obtained by refunding the Series 1986 A Bonds by Jeffrey S. Feamster, certified public accountant, Lewisburg, West Virginia;

(6) Copies of the Ordinance and this Purchase Agreement executed by the parties thereto;

(7) A Certificate of the Bond Registrar to the effect that all conditions precedent contained in the Ordinance for the issuance of the Series 2001 A Bonds have been met, and are entitled to the benefit and security of the Ordinance;

(8) The Ordinance, certified by an authorized official of the Town under the seal of the Town, as having been duly adopted by the Town and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(9) The written consent of West Virginia Water Development Authority to the refunding of the Series 1986 A Bonds and to the issuance of the Series 2001 A Bonds on a parity basis with the Town's Series 1986 B Bonds, both junior and subordinate to the Town's Series 1983 Bonds;

(10) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request including the opinion of Bond Counsel with respect to the original issue discount, if any.

If the Town shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Town shall have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Series 2001 A Bonds are issued, the Town shall pay or cause the Town to be paid from the proceeds of the Series 2001 A Bonds, any fees and expenses incident to the performance of the Town's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Series 2001 A Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel; (iv) the fees and disbursements, if any, of Jesse O'Dell Guills, Esq., Counsel for the Town; (v) all advertising expenses in connection with the public offering of the Series 2001 A Bonds; (vi) the fees and expenses of Counsel to the Underwriter and the fees and expenses in preparing the Official Statement, the Blue Sky Survey, the Legal Investment Memoranda and this Purchase Agreement; and Blue Sky qualification and filing fees; (vii) the fees and expenses of the verification agent; (viii) fees and expenses of the Bond Registrar; and (ix) all other expenses and cost (including the fees and expenses of the Town) for the authorization, issuance, sale and distribution of the Series 2001 A Bonds.

8. The Underwriter shall pay from the underwriting spread all other expenses incurred by them in connection with the public offering and distribution of the Series 2001 A Bonds, including all out-of-pocket expenses, travel and other expenses.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Series 2001 A Bonds, are offering Series 2001 A Bonds which constitute the whole or a part of their unsold participations, the Town will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of Counsel to the Town, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the Town shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the Town. For the purposes of this paragraph, the Town will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the members or officers of the Town nor their employees shall be personally liable for breach of any representation, agreement or warranty made by the Town within this Purchase Agreement.

11. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the Town:

Town of Alderson
P.O. Box 179
Alderson, West Virginia 24910
Attention: Mayor

To the Underwriter:

Ross, Sinclaire & Associates, Inc.
36 E. 7th Street, Suite 1550
Cincinnati, Ohio 45202
Attention: President

12. This Purchase Agreement is made solely for the benefit of the Town and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the Town in this Purchase Agreement shall remain operative and in full force and effect regardless of

any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2001 A Bonds.

13. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the Town. This Purchase Agreement shall become legally effective upon its acceptance by the Town, as evidenced by the signature of the Mayor of the Town in the space provided hereinafter therefor.

15. This Purchase Agreement may be signed in counterparts.

ROSS, SINCLAIRE & ASSOCIATES, INC.

By:_____
Its: President

ACCEPTED AND APPROVED:

Town of Alderson

By: Harriette L. Williams
Its: Mayor

EXHIBIT A

AMOUNTS, MATURITIES AND INTEREST RATE

$50,000 Term Bonds, Due October 1, 2005 5.000%
$100,000 Term Bonds, Due October 1, 2011 5.000%
$110,000 Term Bonds, Due October 1, 2016 5.500%
$140,000 Term Bonds, Due October 1, 2021 5.800%
$150,000 Term Bonds, Due October 1, 2025 5.850%

(Accrued interest to be added)

Optional Redemption

Beginning on October 1, 2011, the Bonds maturing on and after October 1, 2012 are subject to redemption prior to maturity at the option of the Town, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed	Redemption Price
October 1, 2011 to September 30, 2012	101%
October 1, 2012 and thereafter	100%

Mandatory Redemption

The Series 2001 A Bonds maturing thereafter are subject to mandatory sinking fund redemption prior to maturing on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Series 2001 A Bonds Maturing October 1, 2025

Year	Amount
2002	$10,000
2003	$10,000
2004	$15,000
2005	$15,000
2006	$15,000
2007	$15,000
2008	$15,000
2009	$15,000
2010	$20,000
2011	$20,000
2012	$20,000
2013	$20,000
2014	$20,000
2015	$25,000
2016	$25,000
2017	$25,000
2018	$25,000
2019	$30,000
2020	$30,000
2021	$30,000
2022	$35,000
2023	$35,000
2024	$40,000
2025*	$40,000

*Final Maturity

EXHIBIT B

[Letterhead of Steptoe & Johnson PLLC]

[Date of Closing]

Ross, Sinclaire & Associates, Inc.
315 N. Broadway
Lexington, Kentucky 40508

RE: $550,000 Town of Alderson
(West Virginia) Sewer Refunding Revenue Bonds, Series 2001 A

Ladies and Gentlemen:

We have served as bond counsel to the Town of Alderson (the "Issuer") and examined a record of proceedings relating to the issuance by the Issuer of its $550,000 in aggregate principal amount Sewer System Refunding Revenue Bonds, Series 2001 A (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on August 31, 2001, as supplemented by Supplemental Resolutions duly adopted by the Issuer on August 31, 2001 and September 10, 2001 (collectively, the "Ordinance") and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance.

The Bonds are issued in fully registered form, are dated September 13, 2001, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing October 1, 2005, as follows:

Maturity	Amount	Interest Rate
2005	$ 50,000	5.00%
2011	$100,000	5.00%
2016	$110,000	5.50%
2021	$140,000	5.80%
2025	$150,000	5.85%

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Ordinance.

The Ordinance provides that the issue is for the purposes of paying a portion of the costs necessary to (i) current refund all of the Issuer's outstanding Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, issued in the original aggregate principal amount of $490,364, of which $454,528 is presently outstanding (the "Series 1986 A Bonds"); (ii) fund a reserve account for the Bonds; (iii) pay costs of issuance of the Bonds and other costs in connection with such refunding; and (iv) pay the costs of acquisition and construction of certain additions, betterments and improvements to the Issuer's public sewerage system (the "System").

The Bonds have been sold to Ross, Sinclaire & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September 7, 2001, and accepted by the Issuer (the "Purchase Agreement").

Except as specifically set forth in our opinion of even date herewith rendered to Ross, Sinclaire & Associates, Inc., as Underwriter, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement, dated September 7, 2001 (the "Official Statement"), or other offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Ordinance, the Tax and Non-Arbitrage Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Ordinance and the Tax and Non-Arbitrage Certificate and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to refund the Series 1986 A Bonds, enact the Ordinance, enter into the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto,

the Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under the laws, regulations, published rulings and judicial decisions of the United States of America existing on the date hereof, the interest on the Bonds (including original issue discount properly allocable to owners of the Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds except as expressly set forth in paragraph 5.

5. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2001. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

7. The Series 1986 A Bonds have been paid within the meaning and with the effect expressed in the 1986 Ordinance, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1986 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond

Commission relating to the sufficiency of the moneys on deposit in the Series 1986 A Bonds Sinking Fund to provide for the payment on October 1, 2001 of the principal of and interest on the Series 1986 A Bonds and the redemption premium as determined by the Registered Owner of the Series 1986 A Bonds.

8. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

9. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Ordinance and secured by a second lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, and junior and subordinate to the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, all in accordance with the terms of the Bonds and the Ordinance.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

EXHIBIT C

[Letterhead of Jesse O'Dell Guills, Jr., Esq.]

[Date of Closing]

Town of Alderson
P.O. Box 179
Alderson, West Virginia 24910

Ross, Sinclaire & Associates, Inc.
315 N. Broadway
Lexington, Kentucky 40508

$550,000
Town of Alderson
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2001 A

Ladies and Gentlemen:

I have acted as counsel for Town of Alderson (the "Town") and have acted as such in connection with the sale of the above-referenced Series 2001 A Bonds, which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 7, 2001 (the "Purchase Agreement") between Ross, Sinclaire & Associates, Inc. (the "Underwriter") and the Town. Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2001 A Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Ordinance of the Town relating to the Series 2001 A Bonds enacted on August 31, 2001, as supplemented and amended by Supplemental Resolutions adopted August 31, 2001 and September 10, 2001 (collectively, the "Ordinance"), the Undertaking, the Purchase Agreement, and the Official Statement dated September 7, 2001, with respect to the issuance and offering of the Series 2001 A Bonds (collectively, the "Official Statement") and a closing certificate of the Town. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Town is a municipal corporation and political subdivision of the State of West Virginia. The Town is authorized by the laws of the State of West Virginia, as provided by the Act, to

enter into and perform its obligations under the Ordinance, the Undertaking and the Purchase Agreement.

2. The Town has full power and authority to consummate all transactions contemplated by the Series 2001 A Bonds, the Purchase Agreement, the Undertaking and any and other agreements relating thereto, to which the Town is a party.

3. The Town has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Undertaking and the Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Town and the issuance and delivery of the Series 2001 A Bonds upon the terms set forth in the Ordinance; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Undertaking and the Purchase Agreement have been duly and validly authorized, executed and delivered by the Town and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Town, enforceable against the Town in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Ordinance has been duly adopted at meetings of the governing body (Council) of the Town which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Ordinance.

6. The execution and delivery by the Town of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the Town or, to the best of my knowledge after diligent inquiry and review of the Town's records, any agreement or other instrument to which the Town is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the Town have been taken, and no additional approval, authorization, consent or other order of the Town or any public board or body is legally required to allow the Town to enter into and perform its obligations under the Purchase Agreement or as described in the Official Statement.

8. The Town is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Town.

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Town is a party or of which any property of the Town is subject, except as described in the Official Statement, which, if determined adversely to the Town, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2001 A Bonds, the Undertaking or the Purchase Agreement, (ii)

otherwise materially or adversely affect the ability of the Town to comply with its obligations under the Purchase Agreement, or materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Town.

10. Based upon my experience as counsel for the Town and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Financing Plan," "The Series 2001 A Bonds," "Security for the Series 2001 A Bonds," "The System," "Litigation," and "Continuing Disclosure" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

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

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

EXHIBIT D

September 13, 2001

Ross, Sinclaire & Associates, Inc.
315 N. Broadway
Lexington, West Virginia 40508

Re: $550,000 Town of Alderson
(West Virginia) Sewer Refunding Revenue Bonds,
Series 2001 A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by Town of Alderson (the "Town") of its Sewer Refunding Revenue Bonds, Series 2001 A, in the aggregate principal amount of $550,000 (the "Series 2001 A Bonds"). In connection with rendering this opinion, we have examined the Official Statement dated September 10, 2001, the Bond Purchase Agreement dated September 10, 2001 (the "Purchase Agreement").

Based upon the foregoing review, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the Town, counsel for the Town, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix B thereto as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2001 A Bonds.

Very truly yours,

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

City National Bank of West Virginia, a holding corporation, with an office in Alderson, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Alderson (the "Issuer"), adopted enacted August 31, 2001, and Supplemental Resolutions of the Issuer adopted September 10, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, in the principal amount of $550,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 13th day of September, 2001.

CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Its: Treasurer

09/10/01
006550.00001

Book-Entry-Only Municipal Bonds

Letter of Representations

[To be Completed by Issuer and Agent]

TOWN OF ALDERSON

[Name of Issuer]

FIFTH THIRD BANK

[Name of Agent]

September 10, 2001

[Date]

Attention: Underwriting Department
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Re: TOWN OF ALDERSON SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001A

[Issue description (the "Securities")]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the Securities. Agent shall act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Securities. The Securities have been issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Securities dated August 31, 2001 (the "Document"). Ross, Sinclaire & Associates, Inc. is distributing the Securities

["Underwriter"]

through The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Securities, Issuer and Agent, if any, make the following

representations to DTC:

1. Prior to closing on the Securities on September 13, 2001, there shall be deposited with DTC one or more Security certificates registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Securities in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Securities. If, however, the aggregate principal amount of any maturity exceeds $400 million, one certificate shall be issued with respect to each $400 million of principal amount and an additional certificate shall be issued with respect to any remaining principal amount. Each Security certificate shall bear the following legend:

> Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Issuer represents: ***[Note: Issuer must represent one of the following, and shall cross out the other.]***

[The Security certificate(s) shall remain in Agent's custody as a "Balance Certificate" subject to the provisions of the Balance Certificate Agreement between Agent and DTC currently in effect.

On each day on which Agent is open for business and on which it receives an instruction originated by a DTC participant ("Participant") through DTC's Deposit/Withdrawal at Custodian ("DWAC") system to increase the Participant's account by a specified number of Securities (a "Deposit Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Deposit Instruction through the DWAC system.

On each day on which Agent is open for business and on which it receives an instruction originated by a Participant through the DWAC system to decrease the Participant's account by a specified number of Securities (a "Withdrawal Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Withdrawal Instruction through the DWAC system.

Agent agrees that its approval of a Deposit or Withdrawal Instruction shall be deemed to be the receipt by DTC of a new reissued or reregistered certificated Security on registration of transfer to the name of Cede & Co. for the quantity of Securities evidenced by the Balance Certificate after the Deposit or Withdrawal Instruction is effected.]

~~[The Security certificate(s) shall be custodied with DTC.]~~

2. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Securities any information contained in the Security certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having

an interest in the Securities shall be deemed to have notice of the provisions of the Security certificate(s) by virtue of submission of such certificate(s) to DTC.

3. In the event of any solicitation of consents from or voting by holders of the Securities, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall send notice of such record date to DTC no fewer than 15 calendar days in advance of such record date. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Reorganization Department, Proxy Unit at (212) 855-5181 or (212) 855-5182. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-5187. Notices pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Supervisor, Proxy Unit
Reorganization Department
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

4. In the event of a full or partial redemption or an advance refunding of part of the outstanding Securities, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) and in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before or, if possible, two business days before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be no fewer than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

5. In the event of an invitation to tender the Securities, notice by Issuer or Agent to Security holders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before or, if possible, two business days before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a

manifest or list of each CUSIP number submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use and timeliness of such notice.) Notices to DTC pursuant to this Paragraph and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be directed to DTC's Reorganization Department at (212) 855-5488. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-5135. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Reorganization Department
Reorganization Window
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

6. All notices and payment advices sent to DTC shall contain the CUSIP number of the Securities.

7. In the event of a change in the interest rate, Agent shall send notice to DTC of such change and Agent shall indicate the stated coupon rate. Such notice, which shall include Agent contact's name and telephone number, by telecopy shall be directed to DTC's Dividend Department at (212) 855-4555. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

8. Issuer or Agent shall provide a written notice of interest payment information, including stated coupon rate information, to DTC as soon as the information is available. Issuer or Agent shall provide this information directly to DTC electronically, as previously arranged by Issuer or Agent and DTC. If electronic transmission has not been arranged, absent any other arrangements between Issuer or Agent and DTC, such information shall be sent by telecopy to DTC's Dividend Department at (212) 855-4555 or (212) 855-4556. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

9. Interest payments and principal payments that are part of periodic principal-and-interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by

1:00 p.m. (Eastern Time) on the payment date all such interest payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Dividend Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

10. Agent shall provide DTC's Dividend Department, no later than 12:00 noon (Eastern Time) on the payment date, automated notification of CUSIP-level detail. If circumstances prevent the funds paid to Cede & Co., as nominee of DTC, by 2:30 p.m. (Eastern Time) from equaling the dollar amount associated with the detail payments by 12:00 noon (Eastern Time), Issuer or Agent must provide CUSIP-level reconciliation to DTC no later than 2:30 p.m. (Eastern Time). Reconciliation must be provided by either automated means or written format. Such reconciliation notice, if sent by telecopy, shall be directed to DTC's Dividend Department at (212) 855-4633, and receipt of such reconciliation notice shall be confirmed by telephoning (212) 855-4430.

11. Maturity and redemption payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date, all maturity and redemption payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Redemption Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

12. Principal payments (plus accrued interest, if any) as a result of optional tenders for purchase effected by means of DTC's Repayment Option Procedures shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date all such reorganization payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Reorganization Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

13. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments may be sent.

14. In the event of a redemption, acceleration, or any other similar transaction (*e.g.*, tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Securities outstanding or an advance refunding of part of the Securities outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

15. In the event that Issuer determines that beneficial owners of Securities shall be able to obtain certificated Securities, Issuer or Agent shall notify DTC of the availability of Security certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Security certificates in appropriate amounts, as required by DTC and others.

16. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Securities outstanding). Under such circumstances, at DTC's request, Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Securities to any Participant having Securities credited to its DTC accounts.

17. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

18. This Letter of Representations may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts together shall constitute but one and the same instrument.

19. This Letter of Representations shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to principles of conflicts of law.

20. The sender of each notice delivered to DTC pursuant to this Letter of Representations is responsible for confirming that such notice was properly received by DTC.

21. Issuer recognizes that DTC does not in any way undertake to, and shall not have any responsibility to, monitor or ascertain the compliance of any transactions in the Securities with the following, as amended from time to time: (a) any exemptions from registration under the Securities Act of 1933; (b) the Investment Company Act of 1940; (c) the Employee Retirement Income Security Act of 1974; (d) the Internal Revenue Code of 1986; (e) any rules of any self-regulatory organizations (as defined under the Securities Exchange Act of 1934); or (f) any other local, state, or federal laws or regulations thereunder.

22. Issuer hereby authorizes DTC to provide to Agent listings of Participants' holdings, known as Security Position Listings ("SPLs") with respect to the Securities from time to time at the request of the Agent. DTC charges a fee for such SPLs. This authorization, unless revoked by Issuer, shall continue with respect to the Securities while any Securities are on deposit at DTC, until and unless Agent shall no longer be acting. In such event, Issuer shall provide DTC with similar evidence, satisfactory to DTC, of the authorization of any successor thereto so to act. Requests for SPLs shall be sent by telecopy to the Proxy Unit of DTC's Reorganization Department at (212) 855-5181 or (212) 855-5182. Receipt of such requests shall be confirmed by telephoning (212) 855-5202. Requests for SPLs sent by mail or by any other means shall be directed to the address indicated in Paragraph 3.

23. Issuer and Agent shall comply with the applicable requirements stated in DTC's Operational Arrangements, as they may be amended from time to time. DTC's Operational Arrangements are posted on DTC's website at "www.DTC.org."

24. The following riders, attached hereto, are hereby incorporated into this Letter of Representations:

None

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent, as well as Issuer, must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under the Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is distributed or published (the "Publication Date"). The establishment of such a Publication Date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

TOWN OF ALDERSON
[Issuer]

By: Harriette L. Williams
[Authorized Officer's Signature]

FIFTH THIRD BANK
[Agent]

By: Fred T Overbey
[Authorized Officer's Signature]

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: Denise Russo

Funds should be wired to:

The Chase Manhattan Bank
ABA # 021 000 021
For credit to a/c Cede & Co.
c/o The Depository Trust Company

[Select Appropriate Account.]

Dividend Deposit Account # 066-026776
Redemption Deposit Account # 066-0[illegible]
Reorganization Deposit Account # [illegible]

cc: Underwriter
Underwriter's Counsel

TOWN OF ALDERSON
SEWER REFUNDING REVENUE BONDS,
SERIES 2001 A

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Price
AR-1	014363 AA 3	October 1, 2005	$ 50,000	5.00%	1.00%
AR-2	014363 AB 1	October 1, 2011	$100,000	5.00%	1.00%
AR-3	014363 AC 9	October 1, 2016	$110,000	5.50%	1.00%
AR-4	014363 AD 7	October 1, 2025	$140,000	5.80%	1.00%
AR-5	014363 AE 5	October 1, 2021	$150,000	5.85%	1.00%

SCHEDULE B

SAMPLE OFFICIAL STATEMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $400 million, one certificate will be issued with respect to each $400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 13th day of September, 2001, by and between the TOWN OF ALDERSON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and FIFTH THIRD BANK, Cincinnati, Ohio, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $550,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2001 A, in fully registered form (the "Bonds"), pursuant to an Ordinance enacted August 31, 2001 as supplemented (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, 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 excludability from gross income of interest on the Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank 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 Bank'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 Bank 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 Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

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

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

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

ISSUER: Town of Alderson
P. O. Box 179
Alderson, West Virginia 24910
Attention: Mayor

REGISTRAR: Fifth Third Bank
Trust Department
38 Fountain Square Plaza
Mail Drop 10 AT 60
Cincinnati, Ohio 45263
Attention: Corporate Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

TOWN OF ALDERSON

Harriette L Williams
Mayor

FIFTH THIRD BANK

_____
Assistant Vice President

09/10/01
006550.00001

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

TOWN OF ALDERSON

_____

Mayor

FIFTH THIRD BANK

_____

Assistant Vice President

09/10/01
006550.00001

EXHIBIT A

BOND LEGISLATION

[Attached at Tab No. 1]

FEE SCHEDULE

$550,000

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

CERTIFICATE OF REGISTRATION OF BOND

FIFTH THIRD BANK, Cincinnati, Ohio, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Sewer Refunding Revenue Bonds, Series 2001 A, of the Town of Alderson (the "Issuer"), hereby certifies that on the day hereof, the fully registered Town of Alderson Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, dated September 13, 2001, in the aggregate principal amount of $550,000, numbered AR-1 and AR-5, were registered as to principal and interest in the name of "Cede & Co." in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Fifth Third Bank, as Registrar.

WITNESS my signature on this 13th day of September, 2001.

FIFTH THIRD BANK

By: _____
Its: Assistant Vice President

09/11/01
006550.00001

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

TOWN OF ALDERSON
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2001 A

CONSENT OF WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

In reliance upon the defeasance opinion and the certificate of the certified public accountant of the Issuer of even date hereof, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Series 1986 A Bonds, hereinafter defined and described, hereby consents to (1) the issuance of the Sewer Refunding Revenue Bonds, Series 2001 A (the "Bonds"), in the original aggregate principal amount of $550,000, by the Town of Alderson (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), and junior and subordinate with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1983 A (the "Series 1983 A Bonds"); (2) the prepayment of the Issuer's Sewer Revenue Bonds, Series 1986 A; and (3) the advance of the lien position of the Series 1986 B Bonds from a third lien to a second lien.

WITNESS my signature on this 13th day of September, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
stumpjc@steptoe-johnson.com

September 24, 2001

The Town of Alderson
Sewer Refunding Revenue Bonds, Series 2001 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bal
Enclosure

cc: Harryette L. Williams, Mayor

006550/00001

CH473994.1

FILE COPY

Form **8038-G** (Rev. November 2000)
Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1 Issuer's name: Town of Alderson
2 Issuer's employer identification number: 55 6000141
3 Number and street (or P.O. box if mail is not delivered to street address): PO BOX 179
Room/suite:
4 Report number: 3 2001 - 1
5 City, town, or post office, state, and ZIP code: Alderson, West Virginia 24710
6 Date of issue: September 13, 2001
7 Name of issue: The Town of Alderson Sewer Refunding Revenue Bonds, Series 2001 A
8 CUSIP number: 014363 AE5
9 Name and title of officer or legal representative whom the IRS may call for more information: John C. Stump Esquire
10 Telephone number of officer or legal representative: (304) 353-8196

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	550,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

RECEIVED
388 SEP 30 2001 IRS-OSC
OGDEN, UT

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10-1-2025	$ 550,000	$ 85,000	15.0863 years	5.6465 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	550,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	44,237.00		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	44,445.00		
27	Proceeds used to currently refund prior issues	27	461,318 00		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	550,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	-0-

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	16.626042 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	NA years
33	Enter the last date on which the refunded bonds will be called ▶	Oct. 1, 2001
34	Enter the date(s) the refunded bonds were issued ▶ August 18, 1986	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶ NA		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ NA and the date of the issue ▶ NA

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☒
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Harryette L. Williams 9/13/01
Signature of issuer's authorized representative — Date

Harryette L. Williams, May
Type or print name and title

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: September 13, 2001

(See Reverse for Instructions)

ISSUE: Town of Alderson Sewer Refunding Revenue Bonds, Series 2001 A

ADDRESS: P. O. Box 179, Alderson, West Virginia 24910 COUNTY: Greenbrier & Marion

PURPOSE OF ISSUE: New Money: _____ Refunding: X

REFUNDS ISSUE(S) DATED: August 18, 1986

ISSUE DATE: September 13, 2001

CLOSING DATE: September 13, 2001

ISSUE AMOUNT: $550,000

RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: April 1, 2002

1ST PRINCIPAL DUE: October 1, 2002

1ST DEBT SERVICE AMOUNT: $ _____

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Cox, Bowling & Johnson, PLLC
Contact Person: Gillard B. Johnson, III, Esq.
Phone: (859) 255-7080

CLOSING BANK: Fifth Third Bank
Contact Person: Fred Overbeck
Phone: (513) 744-6705

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Harryette L. Williams
Position: Mayor
Phone: (304) 445-7248

OTHER: Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:
By: x Wire
_____ Check

___ Accrued Interest: $_____
___ Capitalized Interest: $_____
x Reserve Account: $ 44,445.00
x Other: deposit to Series 1986 A Sinking Fund $ 461,318.00

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT
x Internal Transfer

___ To Escrow Trustee: $_____
___ To Issuer $_____
___ To Cons. Invest. Fund $_____
x To Other: Series 1986 A Bonds Sinking Fund $ 53,782.00

NOTES: Transfer $53,782.00 from the Series 1986 A Bonds Reserve Fund to the Series 1986 A Bonds Sinking Fund.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH472889.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13 OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13 OF THE 2001 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

September 13, 2001

Secretary of State

sanitary district, said county court shall enter an appropriate order as hereinbefore provided, and such additional territory shall thenceforth be deemed an integral part of such sanitary district. (1933, Ex. Sess., c. 24, § 13.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-12-14. Disconnection of territory from sanitary district.

Any contiguous territory located within the boundaries of any sanitary district organized under this article, and upon the border of such sanitary district, may become disconnected from such sanitary district in the manner following, to wit: Ten percent or more of the legal voters resident in the territory sought to be disconnected from such sanitary district may petition the county court [county commission] of the county in which the original petition for the organization of said sanitary district was filed, to cause the question of such disconnection to be submitted to the legal voters of such territory whether such territory shall be disconnected. Said petition shall be addressed to the county court of the county in which the original petition for the formation of such sanitary district was filed and shall contain a definite description of the boundaries of such territory to be disconnected and recite as a fact, that there is no bonded indebtedness of such sanitary district incurred while such territory to be disconnected was a part of such sanitary district and that such territory to be disconnected is not, at the time of the filing of such petition, and will not be, either benefited or served by any work or improvement either then existing or then authorized by said sanitary district. Upon filing such petition in the office of the county clerk of the county in which the original petition for the formation of such sanitary district has been filed it shall be the duty of the county court of the county in which the original petition for the formation of such sanitary district was filed, to consider the boundaries of such territory and the facts upon which the petition is founded, and shall consider the limits and boundaries of such proposed territory, in the same manner as provided for locating, fixing and deciding of the limits and boundaries of the original sanitary district, as provided in section one [§ 16-12-1] of this article. If any part of the territory proposed to be disconnected is situated in another county or counties other than that county in which the original petition was filed, then it shall be the duty of the said county court of the county in which the original petition was filed to call to its assistance the county courts of counties in which portions of such territory proposed to be disconnected is situated; such county courts shall constitute themselves a board of commissioners, and after electing a presiding officer from among themselves, shall consider the boundaries of such territory and the facts upon which the petition is founded, and shall consider the limits and boundaries of such proposed territory to be disconnected, in the same manner as provided for locating, fixing and deciding of the limits and boundaries of the original sanitary district, as provided in section one of this article: Provided, however, That it shall be the duty of the county

court or the board of commissioners to deny the prayer of the petition for the disconnecting of any territory from the original sanitary district, if the material allegations therein contained are not founded in fact.

Notice shall be given by the county court of the time and place, when and where all persons interested will be heard substantially as provided in section one [§ 16-12-1] of this article. The conduct of the hearing and the manner of conducting the subsequent election on the question whether such territory shall become disconnected and the issuance, reception, return and canvassing of the ballots shall be, as nearly as possible, in accordance with the provisions of section one of this article. The ballots for the election provided for in this section shall be substantially as follows, to wit:

☐ For disconnection from sanitary district.

☐ Against disconnection from sanitary district.

If a majority of the votes cast at such election shall be in favor of disconnection, and if the trustees of such sanitary district shall, by ordinance, disconnect such territory, thereupon the county court of the county in which the original petition for the formation of such sanitary district was filed, shall enter an appropriate order in the records of the said county court and thereafter such territory shall henceforth be deemed disconnected from such sanitary district. (1933, Ex. Sess., c. 24, § 14.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
16-13-4. Payment of preliminary expenses of surveys, etc.
16-13-5. Ordinance necessary before acquisition or construction of works.
16-13-6. Publication and hearing upon ordinance.
16-13-7. Acquisition by condemnation or purchase.
16-13-8. Cost of works.
16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.
16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.
16-13-11. Additional bonds to extend or improve works.
16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.
16-13-13. Application of revenue from bonds; lien.
16-13-14. Securing bonds by trust indenture.
16-13-15. Sinking fund; transfer of balance of net revenues.
16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.
16-13-17. Municipality subject to established rates.
16-13-18. Supervision of works by sanitary

Sec.
board; organization of board; qualifications, terms and compensation of members.
16-13-18a. Publication of financial statement.
16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.
16-13-20. Discharge of lien on property acquired.
16-13-21. Action on certificates or attached coupons; receivers.
16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.
16-13-22a. Grants, loans and advances.
16-13-22b. Contracts for abatement of pollution.
16-13-22c. Refunding bonds.
16-13-22d. Subordination of bonds.
16-13-22e. Operating contract.
16-13-22f. Exemption of bonds from taxation.
16-13-22g. Covenants with bondholders.
16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.
16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.
16-13-24. Article to be construed liberally.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Constitutionality. — See Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); Stevenson v. City of Bluefield, 39 F. Supp. 462 (S.D.W. Va. 1941); West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Obligations incurred by a city under the authority of this article permitting the issuance of revenue bonds for the construction of sewers are not to be deemed "debts" within the constitutional inhibition. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

In general. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Conflict of laws. — There is no conflict between this article, authorizing a city to incur expenses which are to be payable solely from the proceeds of revenue bonds, and the general statutory limitations on the expenditure of money and incurring of obligations with respect to funds produced by tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Legislative intent. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

Limitations. — Where a city made an agreement with the federal works administrator under the War Mobilization and Reconversion Act of 1944 with regard to advances of money to the city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, the limitation imposed by this article would be read into the agreement, since the parties are presumed to know the extent of the city's authority to make a binding contract. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Nonresidents. — Municipality may not compel nonresidents to connect with a municipal sewer extended without its corporate limits. 48 Op. Att'y Gen. 19 (1958).

Ordinance held valid. — An ordinance of a municipal corporation, creating a sanitary board and authorizing such sanitary board to enter into contracts for the construction of a sewage system, was within the police power of the State delegated to municipalities by this chapter. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118.)

Use of territory in adjoining state authorized. — By this section and § 16-13-22 the legislature intended, insofar as it could, to confer upon such municipalities as might find its exercise convenient, the right to make necessary and appropriate arrangements for the disposal of their sewage, even where that course involved the use of territory in an adjoining state. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943); Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article. The term "works" as used in this article shall be construed to mean and include a works for the collection and/or treatment, purification and

disposal of sewage, in its entirety or any integral part thereof. The term "municipality" as used in this article shall be construed to mean any municipal corporation, incorporated city, town, village or sanitary district in the State of West Virginia. The term "governing body" as used in this article shall be construed to mean the mayor and council or other legally constituted governing body of any municipality. The term "board" when hereinafter used in this article shall be construed to mean the sanitary board as set up in section eighteen of this article. (1933, Ex. Sess., c. 25, § 2.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960). **Cited** in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957); Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of five thousand dollars, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof. The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3; 1989, c. 133.)

Immunity. — A contractor under contract with the sanitary board of a municipality for construction of a sewage treatment and disposal system is not entitled to the governmental immunities of the municipality incident to the construction project. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Third party. — Where a contract between a municipal sanitary board and a contractor, providing for the construction of a sanitary sewage system, provides inter alia that "existing surface, overhead or subsurface structures damaged or destroyed by reason of the contractor's operations shall be promptly repaired or replaced in a satisfactory manner at the cost and expense of the contractor," and the contractor by job order requests enters into a contract with an existing water company to remove certain of the latter's water pipes which interfere with the construction of the sewage system, the contractor, in a notice of motion for judgment proceeding instituted by the water company, is liable for the expense so incurred. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, That the fund or funds of such municipality from which such payments are made shall be fully reimbursed and repaid by said board out of the first proceeds of the sale of revenue bonds hereinafter provided for, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided. (1933, Ex. Sess., c. 25, § 4.)

Advances. — Money used in preliminary engineering work prior to actually beginning construction of a sewage disposal system need not be handled by the sanitary board in accordance with the provisions of §§ 16-13-1, 16-13-18 and this section. The sanitary board is an agency of the city. This article merely requires that the construction and maintenance of the project be under the supervision and control of the sanitary board. A method is provided whereby the sanitary board may meet its own necessary preliminary expenses; but the city, in the early stages of the project, during that period in which the city has not even decided to go ahead with the work, and when there is no sanitary board in existence, is not prevented by any provision in the article from obtaining advances for plan preparation by any procedure which it may see fit to adopt. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

The United States was held entitled to recover from a city the amount of three advances of money made to the city by the federal works agency for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, and the city sanitary board was ordered to issue a requisition to the trustees, into whose hands proceeds of future bond issues came, to repay such advances out of any funds in its hands comprising proceeds of revenue bond issues. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Repayment. — A municipality is authorized to incur obligations for the purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from the proceeds of revenue bonds, and not in any way from tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-5. Ordinance necessary before acquisition or construction of works.

Before any municipality shall construct or acquire any works under this article, the governing body shall upon petition of the board, enact an ordinance or ordinances which shall: (a) Set forth a brief and general description of the works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises. (1933, Ex. Sess., c. 25, § 5.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-6. Publication and hearing upon ordinance.

After such ordinance shall have been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The notice shall state that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the first date of publication of such abstract and notice which shall not be prior to the last

date of publication of such abstract and notice, and present protests. At such hearing all objections and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, however, That if at such a hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto. (1933, Ex. Sess., c. 25, § 6; 1967, c. 105; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-7. Acquisition by condemnation or purchase.

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four [§ 54-1-1 et seq.], of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, That the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five [§ 16-13-5] hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof. (1933, Ex. Sess., c. 25, § 7.)

§ 16-13-8. Cost of works.

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises

deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1933, Ex. Sess., c. 25, § 8.)

Advances. — Advances from the United States to a city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system represent a part of the cost of the works which should have been repaid out of the first proceeds received from the sale of the first issue of revenue bonds. Such repayment would not in any way increase the cost of the works; it was the very first item of expense incurred in connection with the works. Under the agreement between the city and the United States, it was a liability from the moment construction of the sewage treatment and disposal plant was begun. No disadvantage would result to bondholders as a result of the payment of this just debt out of the proceeds of a future revenue bond issue. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Preliminary expenses. — It is foreseen, as shown in this section, that a city may probably incur expenses in "determining the feasibility or practicability of the enterprise." Such determination would of course be made prior to the issuance of any revenue bonds, and probably before the creation of a sanitary board. It might often result in a rejection of the project altogether, in which event no revenue bonds would be issued, and any obligation incurred by the city might prove to be uncollectible. On the other hand, if the project be undertaken by the city, whatever loans may have been made on the faith of the revenue bonds would or should be included in the cost of the works and repaid out of the proceeds of the bonds. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of the works, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for such payment, and said bonds shall not, in any respect, be a corporate indebtedness of such municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of such bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93.)

Cross references. — See notes to § 16-13-8.

Applicability. — The provisions of this article become a part of the contract between the municipality and the bondholders as effectually as if written verbatim in the bonds. The bondholders are bound by their contract in this instance just as firmly as in any other legal contract. Consequently, the bonds do not create a corporate indebtedness of the municipality. Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Contracts between municipalities. — Under the provisions of §§ 16-13-19 and 16-13-23a, a city and a town could enter into a contract whereby the city agreed to construct a sewage disposal facility and the town agreed to contribute to the cost of the construction of the facility in return for the right to use the facility, and the fact that the town was unable to sell revenue bonds because it was not allowed to have part ownership in the treatment plant or interceptor sewers did not relieve the town of its contractual obligation when the city offered to buy the revenue bonds issued by the town. Since the contracts were authorized by statute and were thus not ultra vires, even if the contracts were not formally approved by ordinance, the municipalities were estopped from asserting any invalidity of the contracts on such ground. City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be exempt from all taxation, state, county and municipal. Such bonds shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers, before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen per centum per annum to the purchaser upon the amount paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus

of bond proceeds over and above the cost of the works shall be paid into the sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 10; 1970, c. 11; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-11. Additional bonds to extend or improve works.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other definite bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 11.)

§ 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise. (1933, Ex. Sess., c. 25, § 12.)

§ 16-13-13. Application of revenue from bonds; lien.

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced for preliminary expenses as provided in section four [§ 16-13-4] of this article, shall be applied solely to the payment of the cost of the work, extensions, improvements or betterments, or to the appurtenant sinking fund and there shall be and hereby is created and granted a lien upon such moneys, until so

applied, in favor of the holders of the bonds or the trustees hereinafter provided for. (1933, Ex. Sess., c. 25, § 13.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-14. Securing bonds by trust indenture.

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. (1933, Ex. Sess., c. 25, § 14.)

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by

ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48; 1986, c. 118.)

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use of and the service rendered by such works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the

sums herein required to be paid into the sinking fund. Revenues collected pursuant to this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments. All such rates or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, however, That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof. Whenever any rates, rentals or charges for services or facilities furnished shall remain unpaid for a period of thirty days after same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. The board collecting such charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities to any delinquent user of either until all delinquent charges for both water facilities and sewer facilities, including reasonable

interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see R.C.P. 2.

Applicability. — Although the public service commission concluded that cities providing only sewer service are not covered by this section, which applies to municipalities that provide both water and sewer service, the district court implicitly rejected the commission's interpretation. City of Charleston v. Public Serv. Comm'n, 57 F.3d 385 (4th Cir. 1995), cert. denied, — U.S. —, 116 S. Ct. 474, 133 L. Ed. 2d 404 (1995).

Discrimination not shown. — Charges made against the users of a city sewage system were based upon the amount of water used upon the premises as indicating the extent to which the sewers were used. The charges were subject to a deduction of the amount of water retained on the premises, such amount to be determined by a meter installed by the consumer and used to record gallonage of water that had come on the property but had not been disposed of through the sewers. It was held that the method under which the charges were assessed was neither capricious nor unfair although certain users had been unable to install meters used to measure their deductions. Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Jurisdiction. — The fact that this section speaks of the enforcement of the lien in a "civil action" should not be construed as placing that jurisdiction in our courts of law simply because the word "action," strictly applied, does not usually refer to chancery practice. City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

Municipal sewer system is subject to jurisdiction of public service commission, so municipality is required to file its rates with the commission for approval in accordance with § 24-2-1 et seq. 45 Op. Att'y Gen. 642 (1954).

Applied in Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

§ 16-13-17. Municipality subject to established rates.

The municipality shall be subject to the same charges and rates established as hereinbefore provided, or to charges and rates established in harmony therewith, for service rendered the municipality, and shall pay such rates or charges when due from corporate funds and the same shall be deemed to be a part of the revenues of the works as herein defined, and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 17.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance the organization of the board, and that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body: Provided, That, in the event of an acquisition or merger of an existing sewage works, the governing body may increase the membership to a maximum of four members in addition to the mayor or city manager of the

municipality served by the board. During the construction period one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95.)

In general. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Construction. — There is no repugnancy between the provisions of this article and §§ 24-1-1, 24-2-1 or 24-3-1, and for these reasons, the provisions of this article do not operate to repeal any of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Adjoining state. — Since the incorporation of its sanitary board and its domestication in the state of Virginia was the only plan by which the power intended to be granted by the legislature to a city to construct a sewage disposal plant outside the State of West Virginia could be legally effectuated, the power to so incorporate its sanitary board was a necessary and incidental right to the main power granted. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Board membership. — When a municipal corporation has a city manager form of government, the municipality's governing board has the option of appointing either its mayor or its city manager (but not both) to the municipal sanitary board. 52 Op. Att'y Gen. 217 (1967).

City treasurer. — As to scope of duties and responsibilities of city treasurer as they relate to possession of funds of a sanitary board, see 52 Op. Att'y Gen. 497 (1967).

Consulting engineer. — Member of city council may not serve as consulting engineer to the sanitary board on city sewer project. 49 Op. Att'y Gen. 60 (1961).

Extension of service. — A public utility is under a duty to make reasonable extensions of its services in accordance with its franchise and

charter obligations and the needs of the inhabitants within the territory covered by its franchise; and a public service commission may, where its action is not unlawful, arbitrary, or capricious, order an extension of service for the inhabitants of such territory. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Legislative intent. — The provisions of this article do not revise the subject matter of §§ 24-1-1, 24-2-1 or 24-3-1, and they were not intended as a substitute for any of the provisions of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

In conferring such power and authority upon a municipality by this article, the legislature did not create, or intend to create, any repugnancy or inconsistency between the provisions of this article and the pertinent provisions of chapter 24, or to repeal any of those provisions of that chapter. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Applied in Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-18a. Publication of financial statement.

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year: Provided, That such statement for the fiscal year ending June thirtieth, one thousand nine hundred fifty-six, may be published any time during the year one thousand nine hundred fifty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace, of the county where the offense was committed, shall have concurrent jurisdiction to try such offense. (1957, c. 138; 1967, c. 105.)

Editor's notes. — The phrase "justice of the peace" and the word "justice," when used in a context meaning "justice of the peace," are construed to mean "magistrate." See § 50-1-17 and W. Va. Const., art. VIII, § 15.

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the State (in this section called the lessee), and such lessees are hereby authorized to enter into such contracts with such owners, for the service of such works to such lessees and their inhabitants, but only to the extent of the capacity of the works without impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, however, That no such contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture. The lessee shall by ordinance have power to establish, change and adjust rates and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates and charges for the service rendered in the municipality where the works are owned and operated, and such rates or charges shall be collectible and shall be a lien as herein provided for rates and charges made by the owner. The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any such contract shall, if so provided in said ordinance or trust indenture, be deemed to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-20. Discharge of lien on property acquired.

No property shall be acquired under this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1933, Ex. Sess., c. 25, § 20.)

§ 16-13-21. Action on certificates or attached coupons; receivers.

Any holder of any such certificates or any of the coupons attached thereto, and the trustee, if any, except to the extent the rights herein given may be restricted by said ordinance authorizing issuance of the bonds or by the trust indenture, may either at law or in equity, by suit, action, mandamus or other proceeding protect and enforce any and all rights granted hereunder or under such ordinance or trust indenture, and may enforce and compel performance of all duties required by this article or by such ordinance or trust indenture to be performed by the municipality issuing the bonds or by the board or any officer, including the making and collecting of reasonable and sufficient charges and rates for service rendered by the works. If there be any failure to pay the principal or interest of any of the bonds on the date therein named for such payment, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders and/or trustee, except as so restricted, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and interest outstanding and to apply the revenues in conformity with this article and the said ordinance and/or trust indenture. (1933, Ex. Sess., c. 25, § 21.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to extraordinary remedies, see Rule 81(a)(5).

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for ten miles outside the corporate limits thereof. (1933, Ex. Sess., c. 25, § 22.)

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues

of the said sewage works or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

Stated in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-22b. Contracts for abatement of pollution.

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment. (1949, c. 93.)

§ 16-13-22c. Refunding bonds.

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable in the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of the bonds. (1949, c. 93.)

§ 16-13-22d. Subordination of bonds.

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust

indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1949, c. 93.)

§ 16-13-22e. Operating contract.

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution authorizing the issuance of bonds hereunder, or in any trust indenture, securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1955, c. 132.)

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with sewerage system, and all the moneys, revenues and other income of such municipality derived from such sewerage system shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132.)

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the State, for the security of said bonds, may contain covenants with the holders of such bonds as to:

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

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

(c) The fixing, establishing and collecting of such fees, rentals or other charges for the use of the services and facilities of such sewerage system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least

sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

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

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such sewerage system, between bonds payable from such revenues;

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

(g) Budgets for the annual operation, maintenance and repair of such sewerage system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified, or approved by accountants designated or approved by the holders of bonds issued hereunder;

(j) Such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to such municipalities the power to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the Constitution of the State of West Virginia. (1955, c. 132.)

§ 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of such bonds shall be required except such as are prescribed by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, however, That all functions, powers and duties of the state department of health shall remain unaffected by this article. (1933, Ex. Sess., c. 25, § 23.)

Quoted in State ex rel. City of Wheeling v. Rehick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the director of the division of environmental protection or the environmental quality board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the

proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the municipal bond commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement and extension from time to time, of the entire sewer and works. No such rates or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others shall have had an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication is the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice is required. If any rate or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein has authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and the authority provided herein to establish, maintain and collect rates or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in

compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 485 S.E.2d 434 (W. Va. 1997).

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best

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tobacco; or (2) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or (3) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette as that term is described in this subsection. The term "cigarette" includes "roll-your-own" which means any tobacco which, because of its appearance, type, packaging, or labeling is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes. For purposes of this definition of cigarette, 0.09 ounces of "roll-your-own" tobacco shall constitute one individual cigarette.

(b) "Master settlement agreement" means the settlement agreement (and related documents) entered into on the twenty-third day of November, one thousand nine hundred ninety-eight, by the state and leading United States tobacco product manufacturers.

(c) "National tobacco community trust" means the trust fund agreed to by leading United States tobacco product manufacturers, to be established and funded by them for the sole benefit of state tobacco growers.

(d) "Tobacco grower" means a person who has a direct financial interest in planting, cultivating and harvesting tobacco for sale. Tobacco grower includes a person who possesses a quota to market tobacco as administered by the United States Department of Agriculture.

(e) "Trust" means the national tobacco community trust as defined in subsection (c) of this section. (1999, c. 283.)

§ 16-9C-3. Creation of board.

There is hereby created a board to be known as the "state tobacco growers' settlement board" consisting of three members: the governor, the attorney general and the commissioner of agriculture, or their designees. The governor or his or her designee shall serve as the chair, the commissioner of agriculture or his or her designee shall serve as the vice chair, and the attorney general or his or her designee shall serve as the secretary. (1999, c. 283.)

§ 16-9C-4. Duties and responsibilities of the state tobacco grower board.

The duties and responsibilities of the board shall include, but are not limited to:

(a) The consummation of a settlement with leading United States tobacco product manufacturers for the exclusive benefit of state tobacco growers;

(b) The execution of all necessary written agreements relative to the national tobacco community trust to ensure state tobacco growers' receipt of funds directly from the trust;

(c) Consultation with tobacco growers within the state in order to determine how funds allocated by the national tobacco community trust shall be distributed among state tobacco growers to compensate them for the adverse effects of decreased consumption, demand and price for cigarettes;

(d) The submission of a plan to the national tobacco community trust identifying state tobacco growers and the distribution of trust funds to state tobacco growers; and

(e) The certification of instructions annually to the national tobacco community trust regarding distribution of funds from the trust directly to the state tobacco growers during the twelve year payment period, beginning in the year one thousand nine hundred ninety-nine. (1999, c. 283.)

ARTICLE 13.

SEWAGE WORKS AND STORMWATER WORKS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.
16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.
16-13-17. Government units subject to established rates.
16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.
16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.
16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.
16-13-22f. Exemption of bonds from taxation.
16-13-22g. Covenants with bondholders.
16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

(a) Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation:

(1) A sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code; and

(2) A stormwater collection system and control system, including all lines, pumping stations and all other facilities and appurtenances necessary or

useful and convenient for the collection and control of stormwater, and an associated stormwater management program.

(b) Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property.

(c) Any municipality may serve and supply the facilities of such sewerage system and a stormwater system and associated stormwater management program within the corporate limits of the municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, however, That the municipality may not serve or supply the facilities of such sewerage system or stormwater system within the corporate limits of any other municipality without the consent of the governing body thereof: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) No obligations shall be incurred by any municipality and/or sanitary district in construction or acquisition except such as is payable solely from the funds provided under the authority of this article.

(e) No municipal corporation or sanitary district may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, added subsection designations, substituted "the" for "such" throughout; in (a)(1), deleted "waterworks and sewerage" preceding "system", deleted "shall have authority" from the end; added (a)(2); in (b), added "Any municipality... empowered", deleted "and any such" from the end; in (c), added "Any", inserted "and a stormwater system and associated stormwater management program", substituted "may not serve" for "shall not serve", inserted "or stormwater system", added the proviso; in (d), deleted "such" preceding "municipality" and "construction"; and added (e).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

(a) The construction, acquisition, improvement, equipment, custody, operation and maintenance of any works for the collection, treatment or disposal of sewage and, in addition, for the collection and control of stormwater and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article.

(b) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Board" means the sanitary board as set up in section eighteen [§ 16-13-18] of this article.

(2) "Governing body" means the mayor and council or other legally constituted governing body of any municipality.

(3) "Municipality" means any municipal corporation, incorporated city, town, village or sanitary district in the state of West Virginia.

(4) "Sewage works" means a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof.

(5) "Stormwater system" or "stormwater works" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet, including, but not limited to, any and all of the following: Inlets, conduits, corals, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, syphons, retention or detention basins, dams, floodwalls, levies, pipes, flood control systems and pumping stations, and associated stormwater management program. The term "stormwater system" and "stormwater works" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways.

(6) "Stormwater management program" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater works, including, but not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, That, as used in this article, "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(7) "Works" means sewage works and stormwater works either separately or collectively. (1933, Ex. Sess., c. 25, § 2; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, added subsection designations; in present (a), deleted "such" preceding "works", inserted "and, in addition, for the collection and control of stormwater", deleted "The term 'works'" from the end; and rewrote (b) to include the definitions of "sewerage works", "stormwater system" or "stormwater works", "stormwater management program", and "works".

Stated in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any works, or any trust indenture as provided for, shall be approved by the governing body of the municipality before the same shall be effective.

The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do the work as the board shall direct. All compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article.

No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of ten thousand dollars, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any or all bids.

After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may consider expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers, stormwater conduits, and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof, including, but not limited to, those activities necessary to comply with all federal and state requirements, including stormwater and surface runoff water quality improvement activities.

The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for the expenses. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3; 1989, c. 133; 2001, cc. 143, 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "such" throughout the section; in the third undesignated paragraph, substituted "the sum of ten thousand dollars" for "the sum of five thousand dollars"; in the fourth undesignated paragraph, substituted "may consider expedient" for "may deem expedient", inserted "stormwater conduits" and added "including... improvement activities" at the end; and made other, minor changes.

Editor's notes. — Acts 2001, c. 143, effective July 10, 2001, also proposed to amend this section; however, the amendments therein have been deemed superceded by those found in Acts 2001, c. 212, which are set out above. The superceded amendment, set out below, would have substituted "the sum of ten thousand dollars" for "the sum of five thousand dollars".

Chapter 143 read:

"The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of ten thousand dollars, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof. The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article."

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of any of the works referred to in this article, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for the payment, and the bonds may not, in any respect, be a corporate indebtedness of the municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of the bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "any of the works referred to in this article" for "the works", and substituted "the bonds may not" for "the bonds shall not".

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates, fees or charges for the use of and the service rendered by:

(a) Sewerage works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works; and

(b) Stormwater works, to be paid by the owner of each and every lot, parcel of real estate, or building that in any way uses or is served by such stormwater works or whose property is improved or protected by the stormwater works or any user of such stormwater works.

The governing body may change and readjust such rates, fees or charges from time to time. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways.

Such rates, fees or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the sums herein required to be paid into the sinking fund. Revenues collected pursuant to this section shall be considered the revenues of the works.

No such rates, fees or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates, fees or charges.

After introduction of the ordinance fixing such rates, fees or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates, fees or charges, shall be given by publication as a Class II-O legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.]; chapter fifty-nine of this code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing.

After such hearing, which may be adjourned from time to time, the ordinance establishing rates, fees or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates, fees and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates, fees or charges so established for any class of users or property served shall be extended to cover any additional premises

thereafter served which fall within the same class, without the necessity of any hearing or notice.

Any change or readjustment of such rates, fees or charges may be made in the same manner as such rates, fees or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates, fees or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments.

All rates, fees or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate, fees or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof.

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

The board collecting such rates, fees or charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities, to any delinquent user of either until all delinquent rates, fees or charges for both water facilities, and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, inserted "fees" preceding "charges" throughout; in the first paragraph, deleted "such" from the end; inserted (b); in the second paragraph of (b), added "The governing body" and the last sentence; in the third paragraph of (b), substituted "shall be considered" for "shall be deemed"; in the seventh paragraph of (b), deleted "however" following "Provided"; and made other, minor changes.

§ 16-13-17. Government units subject to established rates.

The municipality and any county government, state government and federal government served by the services of the works shall be subject to the same fees, charges and rates established as provided in this article, or to fees, charges and rates established in harmony therewith, for service rendered the municipality, county, state or federal government and shall pay such rates, fees or charges when due from corporate funds and the same shall be considered to be a part of the revenues of the works as herein defined, and be applied as

herein provided for the application of the revenues. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1933, Ex. Sess., c. 25, § 17; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "Government units" for "Municipality" in the section heading; inserted "fees" preceding "charges" throughout; inserted "and any county... works", substituted "as provided in this article" for "as hereinbefore provided", inserted "county, state or federal government", substituted "shall be considered" for "shall be deemed", substituted "the revenues" for "such revenues"; and added the last sentence.

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance the organization of the board, and that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided.

Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body: Provided, That, in the event of an acquisition or merger of an existing works, the governing body may increase the membership to a maximum of four members in addition to the mayor or city manager of the municipality served by the board.

During the construction period, one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his or her public office. The appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. The mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board.

The members of the sanitary board shall receive compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their

reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, made the section gender neutral; in the second paragraph, deleted "sewage" preceding "works", in the third paragraph, substituted "The appointees" for "Said appointees", deleted "such" preceding "term", substituted "The mayor" for "Such mayor"; and in the last paragraph, deleted "such" preceding "compensation".

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants or stormwater works as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the state (in this section called the lessee), and such lessees are hereby authorized to enter into contracts with the owners, for the service of such works to such lessees and their inhabitants, but only to the extent of the capacity of the works without impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, That no contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture.

The lessee shall by ordinance have power to establish, change and adjust rates, fees and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates, fees and charges for the service rendered in the municipality where the works are owned and operated, and such rates, fees or charges shall be collectible and shall be a lien as herein provided for rates, fees and charges made by the owner.

The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any contract shall, if so provided in said ordinance or trust indenture, be considered to be a part of the revenues of the

works as in this article defined and be applied as herein provided for the application of the revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "or stormwater works", substituted "state" for "State", deleted "such" preceding "contracts", deleted "such" following "Provided", deleted "such" preceding "contract" in the proviso; in the last paragraph, deleted "such" preceding "contract", and substituted "considered" for "deemed" in the last sentence.

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for twenty miles outside the corporate limits thereof: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

The jurisdiction and authority provided by this section does not extend to highways; road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1933, Ex. Sess., c. 25, § 22; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, in the first paragraph, substituted "twenty miles outside" for "ten miles outside", added the proviso; and added the last paragraph.

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with the works, and all the moneys, revenues and other income of such municipality derived from such works shall be exempt from all taxation by the state of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "works" for "sewerage system" twice, and substituted "state" for "State".

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the state, for the security of the bonds, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds, or the revenues derived from the sewerage system or stormwater system, may be applied and the securing, use and disposition thereof, including, if considered desirable, the appointment of a trustee or depositary for any of such funds;

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

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

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

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system or stormwater system, and the rank or priority, as to lien and source and security for payment from the revenues of the sewerage system or stormwater system, between bonds payable from the revenues;

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

(g) Budgets for the annual operation, maintenance and repair of such sewerage system or stormwater system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such sewerage system or stormwater system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified, or approved by accountants designated or approved by the holders of bonds issued hereunder;

(j) Such other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued hereunder, notwith-

standing that other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to the municipalities the power to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the constitution of the state of West Virginia. (1955, c. 132; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "state" for "State" throughout, inserted "or stormwater system" following "sewerage system" throughout, substituted "considered" for "deemed" throughout; in the first paragraph, substituted "the bonds" for "said bonds"; in (f), deleted "such" preceding "defaults"; in (j), deleted "such" preceding "other covenants", and substituted "constitution" for "Constitution".

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the director of the division of environmental protection or the environmental quality board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates, fees or charges for the use of the services and facilities of the existing sewer system and/or stormwater system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system or stormwater system, or that in any way uses or is served thereby, and may change and readjust such rates, fees or charges from time to time.

Such rates, fees or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage or stormwater, and the repair, alteration and extension of existing sewer facilities or stormwater facilities, as may be necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and for the operation, maintenance and repair of the entire works and system.

The governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of the construction, to be remitted to and administered by the municipal bond commission by expending and paying the costs and expenses of construction and operation in the manner as provided by said ordinance.

After the completion of the construction such rates, fees or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement and extension from time to time, of the entire sewer and works or entire stormwater works.

No such rates, fees or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others shall have had an opportunity to be heard concerning the proposed rates or charges.

After introduction of the ordinance fixing rates, fees or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of rates, fees or charges, shall be given by publication of notice as a Class II-O legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication is the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing.

After such hearing, which may be adjourned from time to time, the ordinance establishing the rates, fees or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of the rates, fees and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates, fees or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice.

Any change or readjustment of rates, fees or charges may be made in the same manner as rates, fees or charges were originally established as hereinbefore provided: Provided, however, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice is required.

If any rate, fees or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality.

Any municipal corporation exercising the powers given herein has authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with the order of the director of the division of environmental protection or the environmental quality board, and the authority provided herein to establish, maintain and collect rates, fees or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as the article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: Provided, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the director of the division of environmental protection or the environmental

quality board, and the rights, powers, and duties of the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, That the jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-4. Board chairman; members' compensation; procedure; district name.

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679 (2000).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly

CLOSING MEMORANDUM

To: **Financing Team**
From: **John C. Stump, Esquire**
Date: **September 13, 2001**
Re: **Town of Alderson (West Virginia)**
Sewer Refunding Revenue Bonds, Series 2001 A

---

1. DISBURSEMENTS TO TOWN

A.	Payor:	Ross, Sinclaire & Associates, Inc.
	Source:	Series 2001 A Bonds Proceeds
	Amount:	$24,987.00 (Costs of Issuance and Rounding)
	Date:	September 13, 2001
	Form:	Wire Transfer
	Payee:	Town of Alderson
	Bank:	City National Bank
	Routing No.:	051904524
	Account No.:	8001679144
	Account:	Series 2001 A Bonds Costs of Issuance Fund

2. DISBURSEMENTS TO WEST VIRGINIA MUNICIPAL BOND COMMISSION

A.	Payor:	Ross, Sinclaire & Associates, Inc.
	Source:	Series 2001 A Bonds Proceeds
	Amount:	$505,763.00
	Date:	September 13, 2001
	Form:	Wire Transfer
	Payee:	West Virginia Municipal Bond Commission
	Bank:	Branch Banking and Trust Company, Charleston, West Virginia
	Routing #:	051503394
	Account #:	5270517317
	Contact:	West Virginia State Treasurer for West Virginia Municipal Bond Commission
	Account:	Series 1986 A Bonds Sinking Fund
	Purpose:	Prepay Series 1986 A Bonds ($461,318.00) and to fully fund the Series 2001 A Bonds Reserve Account ($44,445.00)

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES OF 2001 A

Final Schedules Dated: September 7, 2001

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R | S | A ROSS, SINCLAIRE & ASSOCIATES

Distribution of Funds
Town of Alderson, West Virginia
Sewer System Refunding Revenue Bonds
Series 2001 A

Dated: September 13, 2001
Delivery: September 13, 2001

From Purchaser			
Par Amount of Bonds	$550,000.00		
Deduct Underwriter's Discount	($19,250.00)		
Deduct Good Faith Deposit (wire transfer)	$0.00		
Total Due From Purchaser		$530,750.00	
From Prior Bonds			
Series 1986 Reserve Monies Held With Commission (Portion Applied)	$53,782.00		
Total Due From Prior Bonds		$53,782.00	
Sources:			
From Purchaser		$530,750.00	
From Prior Bonds		$53,782.00	
Total Sources:			**$584,532.00**
Uses:			
Remit to West Virginia Bond Commission for Payment of Series 1986 A Bonds		$515,100.00	
Remit to Steptoe & Johnson PLCC their Bond Counsel Fee		$15,000.00	
Remit to Fifth Third Bank their Lump Sum Registrar Fee		$1,500.00	
Remit to Jeffrey S. Feamster their Coverage Calculation Fee		$1,500.00	
Remit to Jesse O. Guills, Jr. their Local Counsel Fee		$1,000.00	
Remit to Cox, Bowling & Johnson their Underwriters Counsel Fee		$5,987.00	
Deposit to the Debt Service Reserve Fund		$44,445.00	
Total Uses:			**$584,532.00**

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 A
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Sources and Uses of Funds

Delivery Date: 9/13/ 1

Sources of Funds

PAR AMOUNT OF BONDS.....	$550,000.00	
+PREMIUM /-DISCOUNT.....	$0.00	
BOND PROCEEDS.....		550,000.00
PORTION OF 1986A RESERVE APPLIED.....		53,782.00
		$603,782.00

Uses of Funds

COST TO REFUND SERIES 1986A BONDS.....	515,100.00
COST OF ISSUANCE.....	24,987.00
UNDERWRITERS DISCOUNT.....(3.500000%)...	19,250.00
DEBT SERVICE RESERVE.....	44,445.00
CONTINGENCY.....	0.00
	$603,782.00

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:58:14 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 A
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Bond Production Report

Dated 9/13/2001
Delivery 9/13/2001

Date	Principal	Bond Type	B/Y	Coupon	Yield	$Price	Priced to Call	Gross Production
10/ 1/ 2	10,000.00	Term Bond	11	5.0000	5.0000	100.000		10,000.00
10/ 1/ 3	10,000.00	Term Bond	31	5.0000	5.0000	100.000		10,000.00
10/ 1/ 4	15,000.00	Term Bond	77	5.0000	5.0000	100.000		15,000.00
10/ 1/ 5	15,000.00	Term Bond	138	5.0000	5.0000	100.000		15,000.00
10/ 1/ 6	15,000.00	Term Bond	213	5.0000	5.0000	100.000		15,000.00
10/ 1/ 7	15,000.00	Term Bond	304	5.0000	5.0000	100.000		15,000.00
10/ 1/ 8	15,000.00	Term Bond	410	5.0000	5.0000	100.000		15,000.00
10/ 1/ 9	15,000.00	Term Bond	531	5.0000	5.0000	100.000		15,000.00
10/ 1/10	20,000.00	Term Bond	712	5.0000	5.0000	100.000		20,000.00
10/ 1/11	20,000.00	Term Bond	913	5.0000	5.0000	100.000		20,000.00
10/ 1/12	20,000.00	Term Bond	1134	5.5000	5.5000	100.000		20,000.00
10/ 1/13	20,000.00	Term Bond	1375	5.5000	5.5000	100.000		20,000.00
10/ 1/14	20,000.00	Term Bond	1636	5.5000	5.5000	100.000		20,000.00
10/ 1/15	25,000.00	Term Bond	1987	5.5000	5.5000	100.000		25,000.00
10/ 1/16	25,000.00	Term Bond	2363	5.5000	5.5000	100.000		25,000.00
10/ 1/17	25,000.00	Term Bond	2764	5.8000	5.8000	100.000		25,000.00
10/ 1/18	25,000.00	Term Bond	3191	5.8000	5.8000	100.000		25,000.00
10/ 1/19	30,000.00	Term Bond	3732	5.8000	5.8000	100.000		30,000.00
10/ 1/20	30,000.00	Term Bond	4304	5.8000	5.8000	100.000		30,000.00
10/ 1/21	30,000.00	Term Bond	4905	5.8000	5.8000	100.000		30,000.00
10/ 1/22	35,000.00	Term Bond	5642	5.8500	5.8500	100.000		35,000.00
10/ 1/23	35,000.00	Term Bond	6414	5.8500	5.8500	100.000		35,000.00
10/ 1/24	40,000.00	Term Bond	7336	5.8500	5.8500	100.000		40,000.00
10/ 1/25	40,000.00	Term Bond	8298	5.8500	5.8500	100.000		40,000.00
	550,000.00							550,000.00

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:58:19 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 A
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Bond Production Report

Par Amount	550,000.00	
Production	0.00	
Gross Production	550,000.00	100.0000000
Bond Insurance	0.00	0.0000000
Underwriters Discount	19,250.00	3.5000000
Bid	530,750.00	96.5000000
Accrued	0.00	
Net to Issuer	530,750.00	
Gross Interest Cost	471,299.75	
+Net Discount	19,250.00	
Net Interest Cost	490,549.75	
N I C %	5.9120187	Using 96.5000000
T I C %	6.0229434	From Delivery Date
Arbitrage Yield	5.6465212	
Bond Years	8,297.500	
Average Coupon	5.680021	
Average Life	15.086364	

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/ 5	50,000.00	5.0000	5.0000	100.000	50,000.00	137.500	2.750000
10/ 1/11	100,000.00	5.0000	5.0000	100.000	100,000.00	775.000	7.750000
10/ 1/16	110,000.00	5.5000	5.5000	100.000	110,000.00	1,450.500	13.186364
10/ 1/21	140,000.00	5.8000	5.8000	100.000	140,000.00	2,542.000	18.157143
10/ 1/25	150,000.00	5.8500	5.8500	100.000	150,000.00	3,392.500	22.616667
SERIAL BONDS:	0.00				0.00		

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:58:19 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 A
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 2			16,744.75	16,744.75	16,744.75
10/ 1/ 2	10,000.00	5.000000	15,222.50	25,222.50	
4/ 1/ 3			14,972.50	14,972.50	40,195.00
10/ 1/ 3	10,000.00	5.000000	14,972.50	24,972.50	
4/ 1/ 4			14,722.50	14,722.50	39,695.00
10/ 1/ 4	15,000.00	5.000000	14,722.50	29,722.50	
4/ 1/ 5			14,347.50	14,347.50	44,070.00
10/ 1/ 5	15,000.00	5.000000	14,347.50	29,347.50	
4/ 1/ 6			13,972.50	13,972.50	43,320.00
10/ 1/ 6	15,000.00	5.000000	13,972.50	28,972.50	
4/ 1/ 7			13,597.50	13,597.50	42,570.00
10/ 1/ 7	15,000.00	5.000000	13,597.50	28,597.50	
4/ 1/ 8			13,222.50	13,222.50	41,820.00
10/ 1/ 8	15,000.00	5.000000	13,222.50	28,222.50	
4/ 1/ 9			12,847.50	12,847.50	41,070.00
10/ 1/ 9	15,000.00	5.000000	12,847.50	27,847.50	
4/ 1/10			12,472.50	12,472.50	40,320.00
10/ 1/10	20,000.00	5.000000	12,472.50	32,472.50	
4/ 1/11			11,972.50	11,972.50	44,445.00
10/ 1/11	20,000.00	5.000000	11,972.50	31,972.50	
4/ 1/12			11,472.50	11,472.50	43,445.00
10/ 1/12	20,000.00	5.500000	11,472.50	31,472.50	
4/ 1/13			10,922.50	10,922.50	42,395.00
10/ 1/13	20,000.00	5.500000	10,922.50	30,922.50	
4/ 1/14			10,372.50	10,372.50	41,295.00
10/ 1/14	20,000.00	5.500000	10,372.50	30,372.50	
4/ 1/15			9,822.50	9,822.50	40,195.00
10/ 1/15	25,000.00	5.500000	9,822.50	34,822.50	
4/ 1/16			9,135.00	9,135.00	43,957.50
10/ 1/16	25,000.00	5.500000	9,135.00	34,135.00	
4/ 1/17			8,447.50	8,447.50	42,582.50
10/ 1/17	25,000.00	5.800000	8,447.50	33,447.50	
4/ 1/18			7,722.50	7,722.50	41,170.00
10/ 1/18	25,000.00	5.800000	7,722.50	32,722.50	
4/ 1/19			6,997.50	6,997.50	39,720.00
10/ 1/19	30,000.00	5.800000	6,997.50	36,997.50	
4/ 1/20			6,127.50	6,127.50	43,125.00
10/ 1/20	30,000.00	5.800000	6,127.50	36,127.50	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:58:21 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 A
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/21			5,257.50	5,257.50	41,385.00
10/ 1/21	30,000.00	5.800000	5,257.50	35,257.50	
4/ 1/22			4,387.50	4,387.50	39,645.00
10/ 1/22	35,000.00	5.850000	4,387.50	39,387.50	
4/ 1/23			3,363.75	3,363.75	42,751.25
10/ 1/23	35,000.00	5.850000	3,363.75	38,363.75	
4/ 1/24			2,340.00	2,340.00	40,703.75
10/ 1/24	40,000.00	5.850000	2,340.00	42,340.00	
4/ 1/25			1,170.00	1,170.00	43,510.00
10/ 1/25	40,000.00	5.850000	1,170.00	41,170.00	
4/ 1/26					41,170.00
	550,000.00		471,299.75	1,021,299.75	
ACCRUED					
	550,000.00		471,299.75	1,021,299.75	

Dated 9/13/ 1 with Delivery of 9/13/ 1

Bond Years	8,297.500	
Average Coupon	5.680021	
Average Life	15.086364	
N I C %	5.912019 %	Using 96.5000000
T I C %	6.022943 %	From Delivery Date
Arbitrage Yield	5.646521 %	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:58:21 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 A
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Maximum Allowable Arbitrage Yield

DELIVERY DATE: 9/13/ 1

Par		550,000.00
Arbitrage Yield Target Value		550,000.00
Arbitrage Yield	5.64652115 %	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:58:25 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1986A
(PRIOR BONDS)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 2			21,924.36	21,924.36	21,924.36
10/ 1/ 2	5,266.00	9.750000	21,924.36	27,190.36	
4/ 1/ 3			21,667.64	21,667.64	48,857.99
10/ 1/ 3	5,780.00	9.750000	21,667.64	27,447.64	
4/ 1/ 4			21,385.86	21,385.86	48,833.50
10/ 1/ 4	6,343.00	9.750000	21,385.86	27,728.86	
4/ 1/ 5			21,076.64	21,076.64	48,805.50
10/ 1/ 5	6,962.00	9.750000	21,076.64	28,038.64	
4/ 1/ 6			20,737.24	20,737.24	48,775.88
10/ 1/ 6	7,641.00	9.750000	20,737.24	28,378.24	
4/ 1/ 7			20,364.74	20,364.74	48,742.98
10/ 1/ 7	8,385.00	9.750000	20,364.74	28,749.74	
4/ 1/ 8			19,955.97	19,955.97	48,705.71
10/ 1/ 8	9,203.00	9.750000	19,955.97	29,158.97	
4/ 1/ 9			19,507.33	19,507.33	48,666.30
10/ 1/ 9	10,100.00	9.750000	19,507.33	29,607.33	
4/ 1/10			19,014.95	19,014.95	48,622.28
10/ 1/10	11,085.00	9.750000	19,014.95	30,099.95	
4/ 1/11			18,474.56	18,474.56	48,574.51
10/ 1/11	12,166.00	9.750000	18,474.56	30,640.56	
4/ 1/12			17,881.46	17,881.46	48,522.02
10/ 1/12	13,352.00	9.750000	17,881.46	31,233.46	
4/ 1/13			17,230.55	17,230.55	48,464.01
10/ 1/13	14,654.00	9.750000	17,230.55	31,884.55	
4/ 1/14			16,516.17	16,516.17	48,400.72
10/ 1/14	16,083.00	9.750000	16,516.17	32,599.17	
4/ 1/15			15,732.12	15,732.12	48,331.29
10/ 1/15	17,651.00	9.750000	15,732.12	33,383.12	
4/ 1/16			14,871.64	14,871.64	48,254.76
10/ 1/16	19,372.00	9.750000	14,871.64	34,243.64	
4/ 1/17			13,927.25	13,927.25	48,170.89
10/ 1/17	21,261.00	9.750000	13,927.25	35,188.25	
4/ 1/18			12,890.78	12,890.78	48,079.03
10/ 1/18	23,333.00	9.750000	12,890.78	36,223.78	
4/ 1/19			11,753.29	11,753.29	47,977.07
10/ 1/19	25,608.00	9.750000	11,753.29	37,361.29	
4/ 1/20			10,504.90	10,504.90	47,866.19
10/ 1/20	28,105.00	9.750000	10,504.90	38,609.90	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:51:19 Filename: ALDERSON Key: 1986A

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1986A
(PRIOR BONDS)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/21			9,134.78	9,134.78	47,744.68
10/ 1/21	30,845.00	9.750000	9,134.78	39,979.78	
4/ 1/22			7,631.09	7,631.09	47,610.87
10/ 1/22	33,853.00	9.750000	7,631.09	41,484.09	
4/ 1/23			5,980.75	5,980.75	47,464.84
10/ 1/23	37,154.00	9.750000	5,980.75	43,134.75	
4/ 1/24			4,169.49	4,169.49	47,304.24
10/ 1/24	40,776.00	9.750000	4,169.49	44,945.49	
4/ 1/25			2,181.66	2,181.66	47,127.15
10/ 1/25	44,752.00	9.750000	2,181.66	46,933.66	
4/ 1/26					46,933.66
	449,730.00		729,030.36	1,178,760.36	
ACCRUED					
	449,730.00		729,030.36	1,178,760.36	

Dated 10/ 1/ 1 with Delivery of 10/ 1/ 1

Bond Years	7,477.230	
Average Coupon	9.750006	
Average Life	16.626042	
N I C %	9.750006 %	Using 100.0000000
T I C %	9.750006 %	From Delivery Date
Arbitrage Yield	9.750006 %	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:51:19 Filename: ALDERSON Key: 1986A

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Savings Report

Date	Proposed Debt Service - Principal	Coupon	Interest	Total	Prior Debt Service	Savings	Cumulative Savings
4/ 1/ 2			16,744.75	16,744.75	21,924.36	5,179.61	5,179.61
10/ 1/ 2	10,000.00	5.000000	15,222.50				
4/ 1/ 3			14,972.50	40,195.00	48,857.99	8,662.99	13,842.60
10/ 1/ 3	10,000.00	5.000000	14,972.50				
4/ 1/ 4			14,722.50	39,695.00	48,833.50	9,138.50	22,981.09
10/ 1/ 4	15,000.00	5.000000	14,722.50				
4/ 1/ 5			14,347.50	44,070.00	48,805.50	4,735.50	27,716.59
10/ 1/ 5	15,000.00	5.000000	14,347.50				
4/ 1/ 6			13,972.50	43,320.00	48,775.88	5,455.88	33,172.47
10/ 1/ 6	15,000.00	5.000000	13,972.50				
4/ 1/ 7			13,597.50	42,570.00	48,742.98	6,172.98	39,345.45
10/ 1/ 7	15,000.00	5.000000	13,597.50				
4/ 1/ 8			13,222.50	41,820.00	48,705.71	6,885.71	46,231.16
10/ 1/ 8	15,000.00	5.000000	13,222.50				
4/ 1/ 9			12,847.50	41,070.00	48,666.30	7,596.30	53,827.46
10/ 1/ 9	15,000.00	5.000000	12,847.50				
4/ 1/10			12,472.50	40,320.00	48,622.28	8,302.28	62,129.73
10/ 1/10	20,000.00	5.000000	12,472.50				
4/ 1/11			11,972.50	44,445.00	48,574.51	4,129.51	66,259.24
10/ 1/11	20,000.00	5.000000	11,972.50				
4/ 1/12			11,472.50	43,445.00	48,522.02	5,077.02	71,336.25
10/ 1/12	20,000.00	5.500000	11,472.50				
4/ 1/13			10,922.50	42,395.00	48,464.01	6,069.01	77,405.26
10/ 1/13	20,000.00	5.500000	10,922.50				
4/ 1/14			10,372.50	41,295.00	48,400.72	7,105.72	84,510.98
10/ 1/14	20,000.00	5.500000	10,372.50				
4/ 1/15			9,822.50	40,195.00	48,331.29	8,136.29	92,647.26
10/ 1/15	25,000.00	5.500000	9,822.50				
4/ 1/16			9,135.00	43,957.50	48,254.76	4,297.26	96,944.52
10/ 1/16	25,000.00	5.500000	9,135.00				
4/ 1/17			8,447.50	42,582.50	48,170.89	5,588.39	102,532.90
10/ 1/17	25,000.00	5.800000	8,447.50				
4/ 1/18			7,722.50	41,170.00	48,079.03	6,909.03	109,441.93
10/ 1/18	25,000.00	5.800000	7,722.50				
4/ 1/19			6,997.50	39,720.00	47,977.07	8,257.07	117,698.99
10/ 1/19	30,000.00	5.800000	6,997.50				
4/ 1/20			6,127.50	43,125.00	47,866.19	4,741.19	122,440.18
10/ 1/20	30,000.00	5.800000	6,127.50				

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:51:01 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Savings Report

Date	Proposed Debt Service - Principal	Coupon	Interest	Total	Prior Debt Service	Savings	Cumulative Savings
4/ 1/21			5,257.50	41,385.00	47,744.68	6,359.68	128,799.86
10/ 1/21	30,000.00	5.800000	5,257.50				
4/ 1/22			4,387.50	39,645.00	47,610.87	7,965.87	136,765.73
10/ 1/22	35,000.00	5.850000	4,387.50				
4/ 1/23			3,363.75	42,751.25	47,464.84	4,713.59	141,479.31
10/ 1/23	35,000.00	5.850000	3,363.75				
4/ 1/24			2,340.00	40,703.75	47,304.24	6,600.49	148,079.80
10/ 1/24	40,000.00	5.850000	2,340.00				
4/ 1/25			1,170.00	43,510.00	47,127.15	3,617.15	151,696.95
10/ 1/25	40,000.00	5.850000	1,170.00				
4/ 1/26				41,170.00	46,933.66	5,763.66	157,460.61
	550,000.00		471,299.75	1,021,299.75	1,178,760.36		157,460.61
ACCRUED							
	550,000.00		471,299.75	1,021,299.75	1,178,760.36		157,460.61

Dated 9/13/ 1 with Delivery of 9/13/ 1

Bond Years	8,297.500	
Average Coupon	5.680021	
Average Life	15.086364	
N I C %	5.912019 %	Using 96.5000000
T I C %	6.022943 %	From Delivery Date
Arbitrage Yield	5.646521 %	

Net Present Value Savings at: 5.6465% Equals 86,786.89 or 15.7794% of Par of the Current Issue
or 19.2976% of Par of the Prior Issue

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:51:01 Filename: ALDERSON Key: REF-2001

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/15/ 1	438.60	5.000000	681.36	1,119.96	
10/15/ 1	391.80	5.000000	728.20	1,120.00	
11/15/ 1	393.40	5.000000	726.57	1,119.97	
12/15/ 1	395.10	5.000000	724.93	1,120.03	
1/15/ 2	396.70	5.000000	723.28	1,119.98	
2/15/ 2	398.40	5.000000	721.63	1,120.03	
3/15/ 2	400.00	5.000000	719.97	1,119.97	
4/15/ 2	401.70	5.000000	718.30	1,120.00	
5/15/ 2	403.40	5.000000	716.63	1,120.03	
6/15/ 2	405.00	5.000000	714.95	1,119.95	11,199.92
7/15/ 2	406.70	5.000000	713.26	1,119.96	
8/15/ 2	408.40	5.000000	711.57	1,119.97	
9/15/ 2	410.10	5.000000	709.86	1,119.96	
10/15/ 2	411.80	5.000000	708.15	1,119.95	
11/15/ 2	413.60	5.000000	706.44	1,120.04	
12/15/ 2	415.30	5.000000	704.72	1,120.02	
1/15/ 3	417.00	5.000000	702.98	1,119.98	
2/15/ 3	418.70	5.000000	701.25	1,119.95	
3/15/ 3	420.50	5.000000	699.50	1,120.00	
4/15/ 3	422.20	5.000000	697.75	1,119.95	
5/15/ 3	424.00	5.000000	695.99	1,119.99	
6/15/ 3	425.80	5.000000	694.22	1,120.02	13,439.79
7/15/ 3	427.50	5.000000	692.45	1,119.95	
8/15/ 3	429.30	5.000000	690.67	1,119.97	
9/15/ 3	431.10	5.000000	688.88	1,119.98	
10/15/ 3	432.90	5.000000	687.08	1,119.98	
11/15/ 3	434.70	5.000000	685.28	1,119.98	
12/15/ 3	436.50	5.000000	683.47	1,119.97	
1/15/ 4	438.30	5.000000	681.65	1,119.95	
2/15/ 4	440.20	5.000000	679.82	1,120.02	
3/15/ 4	442.00	5.000000	677.99	1,119.99	
4/15/ 4	443.80	5.000000	676.14	1,119.94	
5/15/ 4	445.70	5.000000	674.30	1,120.00	
6/15/ 4	447.60	5.000000	672.44	1,120.04	13,439.75
7/15/ 4	449.40	5.000000	670.57	1,119.97	
8/15/ 4	451.30	5.000000	668.70	1,120.00	
9/15/ 4	453.20	5.000000	666.82	1,120.02	
10/15/ 4	455.10	5.000000	664.93	1,120.03	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
11/15/ 4	457.00	5.000000	663.03	1,120.03	
12/15/ 4	458.90	5.000000	661.13	1,120.03	
1/15/ 5	460.80	5.000000	659.22	1,120.02	
2/15/ 5	462.70	5.000000	657.30	1,120.00	
3/15/ 5	464.60	5.000000	655.37	1,119.97	
4/15/ 5	466.60	5.000000	653.43	1,120.03	
5/15/ 5	468.50	5.000000	651.49	1,119.99	
6/15/ 5	470.50	5.000000	649.54	1,120.04	13,440.13
7/15/ 5	472.40	5.000000	647.58	1,119.98	
8/15/ 5	474.40	5.000000	645.61	1,120.01	
9/15/ 5	476.40	5.000000	643.63	1,120.03	
10/15/ 5	478.30	5.000000	641.65	1,119.95	
11/15/ 5	480.30	5.000000	639.65	1,119.95	
12/15/ 5	482.30	5.000000	637.65	1,119.95	
1/15/ 6	484.30	5.000000	635.64	1,119.94	
2/15/ 6	486.40	5.000000	633.62	1,120.02	
3/15/ 6	488.40	5.000000	631.60	1,120.00	
4/15/ 6	490.40	5.000000	629.56	1,119.96	
5/15/ 6	492.50	5.000000	627.52	1,120.02	
6/15/ 6	494.50	5.000000	625.47	1,119.97	13,439.77
7/15/ 6	496.60	5.000000	623.40	1,120.00	
8/15/ 6	498.70	5.000000	621.34	1,120.04	
9/15/ 6	500.70	5.000000	619.26	1,119.96	
10/15/ 6	502.80	5.000000	617.17	1,119.97	
11/15/ 6	504.90	5.000000	615.08	1,119.98	
12/15/ 6	507.00	5.000000	612.97	1,119.97	
1/15/ 7	509.10	5.000000	610.86	1,119.96	
2/15/ 7	511.20	5.000000	608.74	1,119.94	
3/15/ 7	513.30	5.000000	606.61	1,119.91	
4/15/ 7	515.50	5.000000	604.47	1,119.97	
5/15/ 7	517.70	5.000000	602.32	1,120.02	
6/15/ 7	519.80	5.000000	600.16	1,119.96	13,439.66
7/15/ 7	522.00	5.000000	598.00	1,120.00	
8/15/ 7	524.20	5.000000	595.82	1,120.02	
9/15/ 7	526.30	5.000000	593.64	1,119.94	
10/15/ 7	528.50	5.000000	591.44	1,119.94	
11/15/ 7	530.70	5.000000	589.24	1,119.94	
12/15/ 7	533.00	5.000000	587.03	1,120.03	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/15/ 8	535.20	5.000000	584.81	1,120.01	
2/15/ 8	537.30	5.000000	582.58	1,119.88	
3/15/ 8	539.60	5.000000	580.34	1,119.94	
4/15/ 8	541.80	5.000000	578.09	1,119.89	
5/15/ 8	544.10	5.000000	575.83	1,119.93	
6/15/ 8	546.30	5.000000	573.57	1,119.87	13,439.38
7/15/ 8	548.70	5.000000	571.29	1,119.99	
8/15/ 8	551.00	5.000000	569.00	1,120.00	
9/15/ 8	553.30	5.000000	566.71	1,120.01	
10/15/ 8	555.60	5.000000	564.40	1,120.00	
11/15/ 8	557.80	5.000000	562.09	1,119.89	
12/15/ 8	560.20	5.000000	559.76	1,119.96	
1/15/ 9	562.60	5.000000	557.43	1,120.03	
2/15/ 9	564.80	5.000000	555.08	1,119.88	
3/15/ 9	567.30	5.000000	552.73	1,120.03	
4/15/ 9	569.60	5.000000	550.37	1,119.97	
5/15/ 9	572.00	5.000000	547.99	1,119.99	
6/15/ 9	574.30	5.000000	545.61	1,119.91	13,439.66
7/15/ 9	576.80	5.000000	543.22	1,120.02	
8/15/ 9	579.20	5.000000	540.81	1,120.01	
9/15/ 9	581.60	5.000000	538.40	1,120.00	
10/15/ 9	584.00	5.000000	535.98	1,119.98	
11/15/ 9	586.30	5.000000	533.54	1,119.84	
12/15/ 9	588.80	5.000000	531.10	1,119.90	
1/15/10	591.30	5.000000	528.65	1,119.95	
2/15/10	593.80	5.000000	526.18	1,119.98	
3/15/10	596.30	5.000000	523.71	1,120.01	
4/15/10	598.80	5.000000	521.22	1,120.02	
5/15/10	601.30	5.000000	518.73	1,120.03	
6/15/10	603.80	5.000000	516.22	1,120.02	13,439.75
7/15/10	606.30	5.000000	513.71	1,120.01	
8/15/10	608.80	5.000000	511.18	1,119.98	
9/15/10	611.30	5.000000	508.64	1,119.94	
10/15/10	613.90	5.000000	506.10	1,120.00	
11/15/10	616.40	5.000000	503.54	1,119.94	
12/15/10	619.00	5.000000	500.97	1,119.97	
1/15/11	621.60	5.000000	498.39	1,119.99	
2/15/11	624.20	5.000000	495.80	1,120.00	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
3/15/11	626.80	5.000000	493.20	1,120.00	
4/15/11	629.40	5.000000	490.59	1,119.99	
5/15/11	632.00	5.000000	487.96	1,119.96	
6/15/11	634.60	5.000000	485.33	1,119.93	13,439.70
7/15/11	637.30	5.000000	482.69	1,119.99	
8/15/11	639.90	5.000000	480.03	1,119.93	
9/15/11	642.60	5.000000	477.36	1,119.96	
10/15/11	645.30	5.000000	474.69	1,119.99	
11/15/11	648.00	5.000000	472.00	1,120.00	
12/15/11	650.70	5.000000	469.30	1,120.00	
1/15/12	653.40	5.000000	466.59	1,119.99	
2/15/12	656.10	5.000000	463.86	1,119.96	
3/15/12	658.80	5.000000	461.13	1,119.93	
4/15/12	661.60	5.000000	458.38	1,119.98	
5/15/12	664.30	5.000000	455.63	1,119.93	
6/15/12	667.10	5.000000	452.86	1,119.96	13,439.61
7/15/12	669.90	5.000000	450.08	1,119.98	
8/15/12	672.70	5.000000	447.29	1,119.99	
9/15/12	675.50	5.000000	444.48	1,119.98	
10/15/12	678.30	5.000000	441.67	1,119.97	
11/15/12	681.10	5.000000	438.84	1,119.94	
12/15/12	684.00	5.000000	436.00	1,120.00	
1/15/13	686.80	5.000000	433.15	1,119.95	
2/15/13	689.70	5.000000	430.29	1,119.99	
3/15/13	692.60	5.000000	427.42	1,120.02	
4/15/13	695.40	5.000000	424.53	1,119.93	
5/15/13	698.30	5.000000	421.64	1,119.94	
6/15/13	701.20	5.000000	418.73	1,119.93	13,439.62
7/15/13	704.20	5.000000	415.80	1,120.00	
8/15/13	707.10	5.000000	412.87	1,119.97	
9/15/13	710.10	5.000000	409.92	1,120.02	
10/15/13	713.00	5.000000	406.96	1,119.96	
11/15/13	716.00	5.000000	403.99	1,119.99	
12/15/13	719.00	5.000000	401.01	1,120.01	
1/15/14	722.00	5.000000	398.01	1,120.01	
2/15/14	725.00	5.000000	395.01	1,120.01	
3/15/14	728.00	5.000000	391.98	1,119.98	
4/15/14	731.00	5.000000	388.95	1,119.95	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
5/15/14	734.10	5.000000	385.91	1,120.01	
6/15/14	737.10	5.000000	382.85	1,119.95	13,439.86
7/15/14	740.20	5.000000	379.77	1,119.97	
8/15/14	743.30	5.000000	376.69	1,119.99	
9/15/14	746.40	5.000000	373.59	1,119.99	
10/15/14	749.50	5.000000	370.48	1,119.98	
11/15/14	752.60	5.000000	367.36	1,119.96	
12/15/14	755.70	5.000000	364.22	1,119.92	
1/15/15	758.90	5.000000	361.07	1,119.97	
2/15/15	762.10	5.000000	357.91	1,120.01	
3/15/15	765.20	5.000000	354.74	1,119.94	
4/15/15	768.40	5.000000	351.55	1,119.95	
5/15/15	771.60	5.000000	348.35	1,119.95	
6/15/15	774.80	5.000000	345.13	1,119.93	13,439.57
7/15/15	778.10	5.000000	341.90	1,120.00	
8/15/15	781.30	5.000000	338.66	1,119.96	
9/15/15	784.60	5.000000	335.40	1,120.00	
10/15/15	787.80	5.000000	332.14	1,119.94	
11/15/15	791.10	5.000000	328.85	1,119.95	
12/15/15	794.40	5.000000	325.56	1,119.96	
1/15/16	797.70	5.000000	322.25	1,119.95	
2/15/16	801.00	5.000000	318.92	1,119.92	
3/15/16	804.40	5.000000	315.58	1,119.98	
4/15/16	807.70	5.000000	312.23	1,119.93	
5/15/16	811.10	5.000000	308.87	1,119.97	
6/15/16	814.50	5.000000	305.49	1,119.99	13,439.55
7/15/16	817.90	5.000000	302.09	1,119.99	
8/15/16	821.30	5.000000	298.68	1,119.98	
9/15/16	824.70	5.000000	295.26	1,119.96	
10/15/16	828.10	5.000000	291.83	1,119.93	
11/15/16	831.60	5.000000	288.37	1,119.97	
12/15/16	835.10	5.000000	284.91	1,120.01	
1/15/17	838.50	5.000000	281.43	1,119.93	
2/15/17	842.00	5.000000	277.94	1,119.94	
3/15/17	845.50	5.000000	274.43	1,119.93	
4/15/17	849.10	5.000000	270.90	1,120.00	
5/15/17	852.60	5.000000	267.37	1,119.97	
6/15/17	856.20	5.000000	263.81	1,120.01	13,439.62

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/15/17	859.70	5.000000	260.25	1,119.95	
8/15/17	863.30	5.000000	256.66	1,119.96	
9/15/17	866.90	5.000000	253.07	1,119.97	
10/15/17	870.50	5.000000	249.45	1,119.95	
11/15/17	874.10	5.000000	245.83	1,119.93	
12/15/17	877.80	5.000000	242.18	1,119.98	
1/15/18	881.40	5.000000	238.53	1,119.93	
2/15/18	885.10	5.000000	234.85	1,119.95	
3/15/18	888.80	5.000000	231.16	1,119.96	
4/15/18	892.50	5.000000	227.46	1,119.96	
5/15/18	896.20	5.000000	223.74	1,119.94	
6/15/18	900.00	5.000000	220.01	1,120.01	13,439.48
7/15/18	903.70	5.000000	216.26	1,119.96	
8/15/18	907.50	5.000000	212.49	1,119.99	
9/15/18	911.20	5.000000	208.71	1,119.91	
10/15/18	915.00	5.000000	204.91	1,119.91	
11/15/18	918.90	5.000000	201.10	1,120.00	
12/15/18	922.70	5.000000	197.27	1,119.97	
1/15/19	926.50	5.000000	193.43	1,119.93	
2/15/19	930.40	5.000000	189.57	1,119.97	
3/15/19	934.30	5.000000	185.69	1,119.99	
4/15/19	938.20	5.000000	181.80	1,120.00	
5/15/19	942.10	5.000000	177.89	1,119.99	
6/15/19	946.00	5.000000	173.96	1,119.96	13,439.57
7/15/19	949.90	5.000000	170.02	1,119.92	
8/15/19	953.90	5.000000	166.06	1,119.96	
9/15/19	957.90	5.000000	162.09	1,119.99	
10/15/19	961.90	5.000000	158.09	1,119.99	
11/15/19	965.90	5.000000	154.09	1,119.99	
12/15/19	969.90	5.000000	150.06	1,119.96	
1/15/20	973.90	5.000000	146.02	1,119.92	
2/15/20	978.00	5.000000	141.96	1,119.96	
3/15/20	982.10	5.000000	137.89	1,119.99	
4/15/20	986.20	5.000000	133.79	1,119.99	
5/15/20	990.30	5.000000	129.68	1,119.98	
6/15/20	994.40	5.000000	125.56	1,119.96	13,439.61
7/15/20	998.50	5.000000	121.41	1,119.91	
8/15/20	1,002.70	5.000000	117.25	1,119.95	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/15/20	1,006.90	5.000000	113.08	1,119.98	
10/15/20	1,011.10	5.000000	108.88	1,119.98	
11/15/20	1,015.30	5.000000	104.67	1,119.97	
12/15/20	1,019.50	5.000000	100.44	1,119.94	
1/15/21	1,023.80	5.000000	96.19	1,119.99	
2/15/21	1,028.00	5.000000	91.92	1,119.92	
3/15/21	1,032.20	5.000000	87.64	1,119.84	
4/15/21	1,036.60	5.000000	83.34	1,119.94	
5/15/21	1,040.90	5.000000	79.02	1,119.92	
6/15/21	1,045.20	5.000000	74.68	1,119.88	13,439.20
7/15/21	1,049.60	5.000000	70.33	1,119.93	
8/15/21	1,054.00	5.000000	65.95	1,119.95	
9/15/21	1,058.40	5.000000	61.56	1,119.96	
10/15/21	1,062.70	5.000000	57.15	1,119.85	
11/15/21	1,067.20	5.000000	52.72	1,119.92	
12/15/21	1,071.70	5.000000	48.28	1,119.98	
1/15/22	1,076.10	5.000000	43.81	1,119.91	
2/15/22	1,080.60	5.000000	39.33	1,119.93	
3/15/22	1,085.10	5.000000	34.82	1,119.92	
4/15/22	1,089.60	5.000000	30.30	1,119.90	
5/15/22	1,094.20	5.000000	25.76	1,119.96	
6/15/22	1,098.70	5.000000	21.20	1,119.90	13,439.10
7/15/22	1,103.20	5.000000	16.62	1,119.82	
8/15/22	1,107.90	5.000000	12.03	1,119.93	
9/15/22	1,112.50	5.000000	7.41	1,119.91	
10/15/22	665.80	5.000000	2.77	668.57	
11/15/22		5.000000			
12/15/22		5.000000			
1/15/23		5.000000			
2/15/23		5.000000			
3/15/23		5.000000			
4/15/23		5.000000			
5/15/23		5.000000			
6/15/23		5.000000			4,028.23

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1983
(ESTIMATED)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
	175,194.10		108,826.43	284,020.53	
ACCRUED					
	175,194.10		108,826.43	284,020.53	

Dated 8/17/ 1 with Delivery of 8/17/ 1

Bond Years	2,176.388	
Average Coupon	5.000323	
Average Life	12.422724	
N I C %	5.282065 %	Using 96.5000000
T I C %	5.472653 %	From Delivery Date
Arbitrage Yield	5.052716 %	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:29:14 Filename: ALDERSON Key: GMAC

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1986B
(ZERO COUPON BONDS)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 2					
10/ 1/ 2	2,327.23			2,327.23	
4/ 1/ 3					2,327.23
10/ 1/ 3	2,327.23			2,327.23	
4/ 1/ 4					2,327.23
10/ 1/ 4	2,327.23			2,327.23	
4/ 1/ 5					2,327.23
10/ 1/ 5	2,327.23			2,327.23	
4/ 1/ 6					2,327.23
10/ 1/ 6	2,327.23			2,327.23	
4/ 1/ 7					2,327.23
10/ 1/ 7	2,327.23			2,327.23	
4/ 1/ 8					2,327.23
10/ 1/ 8	2,327.23			2,327.23	
4/ 1/ 9					2,327.23
10/ 1/ 9	2,327.23			2,327.23	
4/ 1/10					2,327.23
10/ 1/10	2,327.23			2,327.23	
4/ 1/11					2,327.23
10/ 1/11	2,327.23			2,327.23	
4/ 1/12					2,327.23
10/ 1/12	2,327.23			2,327.23	
4/ 1/13					2,327.23
10/ 1/13	2,327.23			2,327.23	
4/ 1/14					2,327.23
10/ 1/14	2,327.23			2,327.23	
4/ 1/15					2,327.23
10/ 1/15	2,327.23			2,327.23	
4/ 1/16					2,327.23
10/ 1/16	2,327.23			2,327.23	
4/ 1/17					2,327.23
10/ 1/17	2,327.23			2,327.23	
4/ 1/18					2,327.23
10/ 1/18	2,327.23			2,327.23	
4/ 1/19					2,327.23
10/ 1/19	2,327.23			2,327.23	
4/ 1/20					2,327.23
10/ 1/20	2,327.23			2,327.23	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:51:29 Filename: ALDERSON Key: 1986B

TOWN OF ALDERSON, WEST VIRGINIA
SEWER SYSTEM REVENUE BONDS, SERIES 1986B
(ZERO COUPON BONDS)

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/21					2,327.23
10/ 1/21	2,327.23			2,327.23	
4/ 1/22					2,327.23
10/ 1/22	2,327.23			2,327.23	
4/ 1/23					2,327.23
10/ 1/23	2,327.23			2,327.23	
4/ 1/24					2,327.23
10/ 1/24	2,327.23			2,327.23	
4/ 1/25					2,327.23
10/ 1/25	2,327.23			2,327.23	
4/ 1/26					2,327.23
	55,853.52			55,853.52	
ACCRUED					
	55,853.52			55,853.52	

Dated 10/ 1/ 1 with Delivery of 10/ 1/ 1

Bond Years	698.169	
Average Coupon	0.000000	
Average Life	12.500000	
N I C %	0.000000 %	Using 100.0000000
T I C %	0.000000 %	From Delivery Date
Arbitrage Yield	0.000000 %	

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 17:51:29 Filename: ALDERSON Key: 1986B

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
10/01/01	SRS 1986 B	$193.94		$193.94		____/____/____	_____
10/01/01	SRS 2001 A		$2,790.79	$2,790.79		____/____/____	_____
10/15/01	SRS 1983	$393.40	$726.57	$1,119.97		____/____/____	_____
11/01/01	SRS 1986 B	$193.94		$193.94		____/____/____	_____
11/01/01	SRS 2001 A		$2,790.79	$2,790.79		____/____/____	_____
11/15/01	SRS 1983	$395.10	$724.93	$1,120.03		____/____/____	_____
12/01/01	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/01	SRS 2001 A		$2,790.79	$2,790.79		____/____/____	_____
12/15/01	SRS 1983	$396.70	$723.28	$1,119.98		____/____/____	_____
01/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/02	SRS 2001 A		$2,790.79	$2,790.79		____/____/____	_____
01/15/02	SRS 1983	$398.40	$721.63	$1,120.03		____/____/____	_____
02/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/02	SRS 2001 A		$2,790.79	$2,790.79		____/____/____	_____
02/15/02	SRS 1983	$400.00	$719.97	$1,119.97		____/____/____	_____
03/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/02	SRS 2001 A		$2,790.79	$2,790.79		____/____/____	_____
03/15/02	SRS 1983	$401.70	$718.30	$1,120.00		____/____/____	_____
04/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/02	SRS 2001 A	$1,666.67	$2,537.08	$4,203.75		____/____/____	_____
04/15/02	SRS 1983	$403.40	$716.63	$1,120.03		____/____/____	_____
05/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
05/01/02	SRS 2001 A	$1,666.67	$2,537.08	$4,203.75		____/____/____	_____
05/15/02	SRS 1983	$405.00	$714.95	$1,119.95		____/____/____	_____
06/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
06/01/02	SRS 2001 A	$1,666.67	$2,537.08	$4,203.75		____/____/____	_____
06/15/02	SRS 1983	$406.70	$713.26	$1,119.96	$41,181.34	____/____/____	_____
07/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/02	SRS 2001 A	$1,666.67	$2,537.08	$4,203.75		____/____/____	_____
07/15/02	SRS 1983	$408.40	$711.57	$1,119.97		____/____/____	_____
08/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
08/01/02	SRS 2001 A	$1,666.67	$2,537.08	$4,203.75		____/____/____	
08/15/02	SRS 1983	$410.10	$709.86	$1,119.96		____/____/____	
09/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/02	SRS 2001 A	$1,666.67	$2,537.08	$4,203.75		____/____/____	
09/15/02	SRS 1983	$411.80	$708.15	$1,119.95		____/____/____	
10/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/02	SRS 2001 A		$2,495.42	$2,495.42		____/____/____	
10/15/02	SRS 1983	$413.60	$706.44	$1,120.04		____/____/____	
11/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/02	SRS 2001 A		$2,495.42	$2,495.42		____/____/____	
11/15/02	SRS 1983	$415.30	$704.72	$1,120.02		____/____/____	
12/01/02	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/02	SRS 2001 A		$2,495.42	$2,495.42		____/____/____	
12/15/02	SRS 1983	$417.00	$702.98	$1,119.98		____/____/____	
01/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/03	SRS 2001 A		$2,495.42	$2,495.42		____/____/____	
01/15/03	SRS 1983	$418.70	$701.25	$1,119.95		____/____/____	
02/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/03	SRS 2001 A		$2,495.42	$2,495.42		____/____/____	
02/15/03	SRS 1983	$420.50	$699.50	$1,120.00		____/____/____	
03/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/03	SRS 2001 A		$2,495.42	$2,495.42		____/____/____	
03/15/03	SRS 1983	$422.20	$697.75	$1,119.95		____/____/____	
04/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/03	SRS 2001 A	$1,666.67	$2,495.42	$4,162.08		____/____/____	
04/15/03	SRS 1983	$424.00	$695.99	$1,119.99		____/____/____	
05/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/03	SRS 2001 A	$1,666.67	$2,495.42	$4,162.08		____/____/____	
05/15/03	SRS 1983	$425.80	$694.22	$1,120.02		____/____/____	
06/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/03	SRS 2001 A	$1,666.67	$2,495.42	$4,162.08		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
06/15/03	SRS 1983	$427.50	$692.45	$1,119.95	$55,837.01	____/____/____	_____
07/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/03	SRS 2001 A	$1,666.67	$2,495.42	$4,162.08		____/____/____	_____
07/15/03	SRS 1983	$429.30	$690.67	$1,119.97		____/____/____	_____
08/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	_____
08/01/03	SRS 2001 A	$1,666.67	$2,495.42	$4,162.08		____/____/____	_____
08/15/03	SRS 1983	$431.10	$688.88	$1,119.98		____/____/____	_____
09/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	_____
09/01/03	SRS 2001 A	$1,666.67	$2,495.42	$4,162.08		____/____/____	_____
09/15/03	SRS 1983	$432.90	$687.08	$1,119.98		____/____/____	_____
10/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	_____
10/01/03	SRS 2001 A		$2,453.75	$2,453.75		____/____/____	_____
10/15/03	SRS 1983	$434.70	$685.28	$1,119.98		____/____/____	_____
11/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	_____
11/01/03	SRS 2001 A		$2,453.75	$2,453.75		____/____/____	_____
11/15/03	SRS 1983	$436.50	$683.47	$1,119.97		____/____/____	_____
12/01/03	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/03	SRS 2001 A		$2,453.75	$2,453.75		____/____/____	_____
12/15/03	SRS 1983	$438.30	$681.65	$1,119.95		____/____/____	_____
01/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/04	SRS 2001 A		$2,453.75	$2,453.75		____/____/____	_____
01/15/04	SRS 1983	$440.20	$679.82	$1,120.02		____/____/____	_____
02/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/04	SRS 2001 A		$2,453.75	$2,453.75		____/____/____	_____
02/15/04	SRS 1983	$442.00	$677.99	$1,119.99		____/____/____	_____
03/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/04	SRS 2001 A		$2,453.75	$2,453.75		____/____/____	_____
03/15/04	SRS 1983	$443.80	$676.14	$1,119.94		____/____/____	_____
04/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/04	SRS 2001 A	$2,500.00	$2,453.75	$4,953.75		____/____/____	_____
04/15/04	SRS 1983	$445.70	$674.30	$1,120.00		____/____/____	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
05/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/04	SRS 2001 A	$2,500.00	$2,453.75	$4,953.75		____/____/____	
05/15/04	SRS 1983	$447.60	$672.44	$1,120.04		____/____/____	
06/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/04	SRS 2001 A	$2,500.00	$2,453.75	$4,953.75		____/____/____	
06/15/04	SRS 1983	$449.40	$670.57	$1,119.97	$57,837.00	____/____/____	
07/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/04	SRS 2001 A	$2,500.00	$2,453.75	$4,953.75		____/____/____	
07/15/04	SRS 1983	$451.30	$668.70	$1,120.00		____/____/____	
08/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/04	SRS 2001 A	$2,500.00	$2,453.75	$4,953.75		____/____/____	
08/15/04	SRS 1983	$453.20	$666.82	$1,120.02		____/____/____	
09/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/04	SRS 2001 A	$2,500.00	$2,453.75	$4,953.75		____/____/____	
09/15/04	SRS 1983	$455.10	$664.93	$1,120.03		____/____/____	
10/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/04	SRS 2001 A		$2,391.25	$2,391.25		____/____/____	
10/15/04	SRS 1983	$457.00	$663.03	$1,120.03		____/____/____	
11/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/04	SRS 2001 A		$2,391.25	$2,391.25		____/____/____	
11/15/04	SRS 1983	$458.90	$661.13	$1,120.03		____/____/____	
12/01/04	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/04	SRS 2001 A		$2,391.25	$2,391.25		____/____/____	
12/15/04	SRS 1983	$460.80	$659.22	$1,120.02		____/____/____	
01/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/05	SRS 2001 A		$2,391.25	$2,391.25		____/____/____	
01/15/05	SRS 1983	$462.70	$657.30	$1,120.00		____/____/____	
02/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/05	SRS 2001 A		$2,391.25	$2,391.25		____/____/____	
02/15/05	SRS 1983	$464.60	$655.37	$1,119.97		____/____/____	
03/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
03/01/05	SRS 2001 A		$2,391.25	$2,391.25		____/____/____	
03/15/05	SRS 1983	$466.60	$653.43	$1,120.03		____/____/____	
04/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/05	SRS 2001 A	$2,500.00	$2,391.25	$4,891.25		____/____/____	
04/15/05	SRS 1983	$468.50	$651.49	$1,119.99		____/____/____	
05/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/05	SRS 2001 A	$2,500.00	$2,391.25	$4,891.25		____/____/____	
05/15/05	SRS 1983	$470.50	$649.54	$1,120.04		____/____/____	
06/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/05	SRS 2001 A	$2,500.00	$2,391.25	$4,891.25		____/____/____	
06/15/05	SRS 1983	$472.40	$647.58	$1,119.98	$59,649.86	____/____/____	
07/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/05	SRS 2001 A	$2,500.00	$2,391.25	$4,891.25		____/____/____	
07/15/05	SRS 1983	$474.40	$645.61	$1,120.01		____/____/____	
08/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/05	SRS 2001 A	$2,500.00	$2,391.25	$4,891.25		____/____/____	
08/15/05	SRS 1983	$476.40	$643.63	$1,120.03		____/____/____	
09/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/05	SRS 2001 A	$2,500.00	$2,391.25	$4,891.25		____/____/____	
09/15/05	SRS 1983	$478.30	$641.65	$1,119.95		____/____/____	
10/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/05	SRS 2001 A		$2,328.75	$2,328.75		____/____/____	
10/15/05	SRS 1983	$480.30	$639.65	$1,119.95		____/____/____	
11/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/05	SRS 2001 A		$2,328.75	$2,328.75		____/____/____	
11/15/05	SRS 1983	$482.30	$637.65	$1,119.95		____/____/____	
12/01/05	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/05	SRS 2001 A		$2,328.75	$2,328.75		____/____/____	
12/15/05	SRS 1983	$484.30	$635.64	$1,119.94		____/____/____	
01/01/06	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/06	SRS 2001 A		$2,328.75	$2,328.75		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
01/15/06	SRS 1983	$486.40	$633.62	$1,120.02		___/___/___	
02/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
02/01/06	SRS 2001 A		$2,328.75	$2,328.75		___/___/___	
02/15/06	SRS 1983	$488.40	$631.60	$1,120.00		___/___/___	
03/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
03/01/06	SRS 2001 A		$2,328.75	$2,328.75		___/___/___	
03/15/06	SRS 1983	$490.40	$629.56	$1,119.96		___/___/___	
04/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
04/01/06	SRS 2001 A	$2,500.00	$2,328.75	$4,828.75		___/___/___	
04/15/06	SRS 1983	$492.50	$627.52	$1,120.02		___/___/___	
05/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
05/01/06	SRS 2001 A	$2,500.00	$2,328.75	$4,828.75		___/___/___	
05/15/06	SRS 1983	$494.50	$625.47	$1,119.97		___/___/___	
06/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
06/01/06	SRS 2001 A	$2,500.00	$2,328.75	$4,828.75		___/___/___	
06/15/06	SRS 1983	$496.60	$623.40	$1,120.00	$58,899.52	___/___/___	
07/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
07/01/06	SRS 2001 A	$2,500.00	$2,328.75	$4,828.75		___/___/___	
07/15/06	SRS 1983	$498.70	$621.34	$1,120.04		___/___/___	
08/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
08/01/06	SRS 2001 A	$2,500.00	$2,328.75	$4,828.75		___/___/___	
08/15/06	SRS 1983	$500.70	$619.26	$1,119.96		___/___/___	
09/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
09/01/06	SRS 2001 A	$2,500.00	$2,328.75	$4,828.75		___/___/___	
09/15/06	SRS 1983	$502.80	$617.17	$1,119.97		___/___/___	
10/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
10/01/06	SRS 2001 A		$2,266.25	$2,266.25		___/___/___	
10/15/06	SRS 1983	$504.90	$615.08	$1,119.98		___/___/___	
11/01/06	SRS 1986 B	$193.94		$193.94		___/___/___	
11/01/06	SRS 2001 A		$2,266.25	$2,266.25		___/___/___	
11/15/06	SRS 1983	$507.00	$612.97	$1,119.97		___/___/___	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
12/01/06	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/06	SRS 2001 A		$2,266.25	$2,266.25		____/____/____	_____
12/15/06	SRS 1983	$509.10	$610.86	$1,119.96		____/____/____	_____
01/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/07	SRS 2001 A		$2,266.25	$2,266.25		____/____/____	_____
01/15/07	SRS 1983	$511.20	$608.74	$1,119.94		____/____/____	_____
02/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/07	SRS 2001 A		$2,266.25	$2,266.25		____/____/____	_____
02/15/07	SRS 1983	$513.30	$606.61	$1,119.91		____/____/____	_____
03/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/07	SRS 2001 A		$2,266.25	$2,266.25		____/____/____	_____
03/15/07	SRS 1983	$515.50	$604.47	$1,119.97		____/____/____	_____
04/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/07	SRS 2001 A	$2,500.00	$2,266.25	$4,766.25		____/____/____	_____
04/15/07	SRS 1983	$517.70	$602.32	$1,120.02		____/____/____	_____
05/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
05/01/07	SRS 2001 A	$2,500.00	$2,266.25	$4,766.25		____/____/____	_____
05/15/07	SRS 1983	$519.80	$600.16	$1,119.96		____/____/____	_____
06/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
06/01/07	SRS 2001 A	$2,500.00	$2,266.25	$4,766.25		____/____/____	_____
06/15/07	SRS 1983	$522.00	$598.00	$1,120.00	$58,149.38	____/____/____	_____
07/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/07	SRS 2001 A	$2,500.00	$2,266.25	$4,766.25		____/____/____	_____
07/15/07	SRS 1983	$524.20	$595.82	$1,120.02		____/____/____	_____
08/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
08/01/07	SRS 2001 A	$2,500.00	$2,266.25	$4,766.25		____/____/____	_____
08/15/07	SRS 1983	$526.30	$593.64	$1,119.94		____/____/____	_____
09/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____
09/01/07	SRS 2001 A	$2,500.00	$2,266.25	$4,766.25		____/____/____	_____
09/15/07	SRS 1983	$528.50	$591.44	$1,119.94		____/____/____	_____
10/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
10/01/07	SRS 2001 A		$2,203.75	$2,203.75		____/____/____	
10/15/07	SRS 1983	$530.70	$589.24	$1,119.94		____/____/____	
11/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/07	SRS 2001 A		$2,203.75	$2,203.75		____/____/____	
11/15/07	SRS 1983	$533.00	$587.03	$1,120.03		____/____/____	
12/01/07	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/07	SRS 2001 A		$2,203.75	$2,203.75		____/____/____	
12/15/07	SRS 1983	$535.20	$584.81	$1,120.01		____/____/____	
01/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/08	SRS 2001 A		$2,203.75	$2,203.75		____/____/____	
01/15/08	SRS 1983	$537.30	$582.58	$1,119.88		____/____/____	
02/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/08	SRS 2001 A		$2,203.75	$2,203.75		____/____/____	
02/15/08	SRS 1983	$539.60	$580.34	$1,119.94		____/____/____	
03/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/08	SRS 2001 A		$2,203.75	$2,203.75		____/____/____	
03/15/08	SRS 1983	$541.80	$578.09	$1,119.89		____/____/____	
04/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/08	SRS 2001 A	$2,500.00	$2,203.75	$4,703.75		____/____/____	
04/15/08	SRS 1983	$544.10	$575.83	$1,119.93		____/____/____	
05/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/08	SRS 2001 A	$2,500.00	$2,203.75	$4,703.75		____/____/____	
05/15/08	SRS 1983	$546.30	$573.57	$1,119.87		____/____/____	
06/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/08	SRS 2001 A	$2,500.00	$2,203.75	$4,703.75		____/____/____	
06/15/08	SRS 1983	$548.70	$571.29	$1,119.99	$57,399.11	____/____/____	
07/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/08	SRS 2001 A	$2,500.00	$2,203.75	$4,703.75		____/____/____	
07/15/08	SRS 1983	$551.00	$569.00	$1,120.00		____/____/____	
08/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/08	SRS 2001 A	$2,500.00	$2,203.75	$4,703.75		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
08/15/08	SRS 1983	$553.30	$566.71	$1,120.01		____/____/____	
09/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/08	SRS 2001 A	$2,500.00	$2,203.75	$4,703.75		____/____/____	
09/15/08	SRS 1983	$555.60	$564.40	$1,120.00		____/____/____	
10/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/08	SRS 2001 A		$2,141.25	$2,141.25		____/____/____	
10/15/08	SRS 1983	$557.80	$562.09	$1,119.89		____/____/____	
11/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/08	SRS 2001 A		$2,141.25	$2,141.25		____/____/____	
11/15/08	SRS 1983	$560.20	$559.76	$1,119.96		____/____/____	
12/01/08	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/08	SRS 2001 A		$2,141.25	$2,141.25		____/____/____	
12/15/08	SRS 1983	$562.60	$557.43	$1,120.03		____/____/____	
01/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/09	SRS 2001 A		$2,141.25	$2,141.25		____/____/____	
01/15/09	SRS 1983	$564.80	$555.08	$1,119.88		____/____/____	
02/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/09	SRS 2001 A		$2,141.25	$2,141.25		____/____/____	
02/15/09	SRS 1983	$567.30	$552.73	$1,120.03		____/____/____	
03/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/09	SRS 2001 A		$2,141.25	$2,141.25		____/____/____	
03/15/09	SRS 1983	$569.60	$550.37	$1,119.97		____/____/____	
04/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/09	SRS 2001 A	$2,500.00	$2,141.25	$4,641.25		____/____/____	
04/15/09	SRS 1983	$572.00	$547.99	$1,119.99		____/____/____	
05/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/09	SRS 2001 A	$2,500.00	$2,141.25	$4,641.25		____/____/____	
05/15/09	SRS 1983	$574.30	$545.61	$1,119.91		____/____/____	
06/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/09	SRS 2001 A	$2,500.00	$2,141.25	$4,641.25		____/____/____	
06/15/09	SRS 1983	$576.80	$543.22	$1,120.02	$56,649.41	____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
07/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/09	SRS 2001 A	$2,500.00	$2,141.25	$4,641.25		____/____/____	_____
07/15/09	SRS 1983	$579.20	$540.81	$1,120.01		____/____/____	_____
08/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	_____
08/01/09	SRS 2001 A	$2,500.00	$2,141.25	$4,641.25		____/____/____	_____
08/15/09	SRS 1983	$581.60	$538.40	$1,120.00		____/____/____	_____
09/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	_____
09/01/09	SRS 2001 A	$2,500.00	$2,141.25	$4,641.25		____/____/____	_____
09/15/09	SRS 1983	$584.00	$535.98	$1,119.98		____/____/____	_____
10/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	_____
10/01/09	SRS 2001 A		$2,078.75	$2,078.75		____/____/____	_____
10/15/09	SRS 1983	$586.30	$533.54	$1,119.84		____/____/____	_____
11/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	_____
11/01/09	SRS 2001 A		$2,078.75	$2,078.75		____/____/____	_____
11/15/09	SRS 1983	$588.80	$531.10	$1,119.90		____/____/____	_____
12/01/09	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/09	SRS 2001 A		$2,078.75	$2,078.75		____/____/____	_____
12/15/09	SRS 1983	$591.30	$528.65	$1,119.95		____/____/____	_____
01/01/10	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/10	SRS 2001 A		$2,078.75	$2,078.75		____/____/____	_____
01/15/10	SRS 1983	$593.80	$526.18	$1,119.98		____/____/____	_____
02/01/10	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/10	SRS 2001 A		$2,078.75	$2,078.75		____/____/____	_____
02/15/10	SRS 1983	$596.30	$523.71	$1,120.01		____/____/____	_____
03/01/10	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/10	SRS 2001 A		$2,078.75	$2,078.75		____/____/____	_____
03/15/10	SRS 1983	$598.80	$521.22	$1,120.02		____/____/____	_____
04/01/10	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/10	SRS 2001 A	$3,333.33	$2,078.75	$5,412.08		____/____/____	_____
04/15/10	SRS 1983	$601.30	$518.73	$1,120.03		____/____/____	_____
05/01/10	SRS 1986 B	$193.94		$193.94		____/____/____	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
05/01/10	SRS 2001 A	$3,333.33	$2,078.75	$5,412.08		___/___/___	_____
05/15/10	SRS 1983	$603.80	$516.22	$1,120.02		___/___/___	_____
06/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
06/01/10	SRS 2001 A	$3,333.33	$2,078.75	$5,412.08		___/___/___	_____
06/15/10	SRS 1983	$606.30	$513.71	$1,120.01	$58,399.47	___/___/___	_____
07/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
07/01/10	SRS 2001 A	$3,333.33	$2,078.75	$5,412.08		___/___/___	_____
07/15/10	SRS 1983	$608.80	$511.18	$1,119.98		___/___/___	_____
08/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
08/01/10	SRS 2001 A	$3,333.33	$2,078.75	$5,412.08		___/___/___	_____
08/15/10	SRS 1983	$611.30	$508.64	$1,119.94		___/___/___	_____
09/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
09/01/10	SRS 2001 A	$3,333.33	$2,078.75	$5,412.08		___/___/___	_____
09/15/10	SRS 1983	$613.90	$506.10	$1,120.00		___/___/___	_____
10/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
10/01/10	SRS 2001 A		$1,995.42	$1,995.42		___/___/___	_____
10/15/10	SRS 1983	$616.40	$503.54	$1,119.94		___/___/___	_____
11/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
11/01/10	SRS 2001 A		$1,995.42	$1,995.42		___/___/___	_____
11/15/10	SRS 1983	$619.00	$500.97	$1,119.97		___/___/___	_____
12/01/10	SRS 1986 B	$193.94		$193.94		___/___/___	_____
12/01/10	SRS 2001 A		$1,995.42	$1,995.42		___/___/___	_____
12/15/10	SRS 1983	$621.60	$498.39	$1,119.99		___/___/___	_____
01/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	_____
01/01/11	SRS 2001 A		$1,995.42	$1,995.42		___/___/___	_____
01/15/11	SRS 1983	$624.20	$495.80	$1,120.00		___/___/___	_____
02/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	_____
02/01/11	SRS 2001 A		$1,995.42	$1,995.42		___/___/___	_____
02/15/11	SRS 1983	$626.80	$493.20	$1,120.00		___/___/___	_____
03/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	_____
03/01/11	SRS 2001 A		$1,995.42	$1,995.42		___/___/___	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
03/15/11	SRS 1983	$629.40	$490.59	$1,119.99		___/___/___	
04/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
04/01/11	SRS 2001 A	$3,333.33	$1,995.42	$5,328.75		___/___/___	
04/15/11	SRS 1983	$632.00	$487.96	$1,119.96		___/___/___	
05/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
05/01/11	SRS 2001 A	$3,333.33	$1,995.42	$5,328.75		___/___/___	
05/15/11	SRS 1983	$634.60	$485.33	$1,119.93		___/___/___	
06/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
06/01/11	SRS 2001 A	$3,333.33	$1,995.42	$5,328.75		___/___/___	
06/15/11	SRS 1983	$637.30	$482.69	$1,119.99	$59,961.91	___/___/___	
07/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
07/01/11	SRS 2001 A	$3,333.33	$1,995.42	$5,328.75		___/___/___	
07/15/11	SRS 1983	$639.90	$480.03	$1,119.93		___/___/___	
08/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
08/01/11	SRS 2001 A	$3,333.33	$1,995.42	$5,328.75		___/___/___	
08/15/11	SRS 1983	$642.60	$477.36	$1,119.96		___/___/___	
09/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
09/01/11	SRS 2001 A	$3,333.33	$1,995.42	$5,328.75		___/___/___	
09/15/11	SRS 1983	$645.30	$474.69	$1,119.99		___/___/___	
10/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
10/01/11	SRS 2001 A		$1,912.08	$1,912.08		___/___/___	
10/15/11	SRS 1983	$648.00	$472.00	$1,120.00		___/___/___	
11/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
11/01/11	SRS 2001 A		$1,912.08	$1,912.08		___/___/___	
11/15/11	SRS 1983	$650.70	$469.30	$1,120.00		___/___/___	
12/01/11	SRS 1986 B	$193.94		$193.94		___/___/___	
12/01/11	SRS 2001 A		$1,912.08	$1,912.08		___/___/___	
12/15/11	SRS 1983	$653.40	$466.59	$1,119.99		___/___/___	
01/01/12	SRS 1986 B	$193.94		$193.94		___/___/___	
01/01/12	SRS 2001 A		$1,912.08	$1,912.08		___/___/___	
01/15/12	SRS 1983	$656.10	$463.86	$1,119.96		___/___/___	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
02/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/12	SRS 2001 A		$1,912.08	$1,912.08		____/____/____	
02/15/12	SRS 1983	$658.80	$461.13	$1,119.93		____/____/____	
03/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/12	SRS 2001 A		$1,912.08	$1,912.08		____/____/____	
03/15/12	SRS 1983	$661.60	$458.38	$1,119.98		____/____/____	
04/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/12	SRS 2001 A	$3,333.33	$1,912.08	$5,245.42		____/____/____	
04/15/12	SRS 1983	$664.30	$455.63	$1,119.93		____/____/____	
05/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/12	SRS 2001 A	$3,333.33	$1,912.08	$5,245.42		____/____/____	
05/15/12	SRS 1983	$667.10	$452.86	$1,119.96		____/____/____	
06/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/12	SRS 2001 A	$3,333.33	$1,912.08	$5,245.42		____/____/____	
06/15/12	SRS 1983	$669.90	$450.08	$1,119.98	$58,961.84	____/____/____	
07/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/12	SRS 2001 A	$3,333.33	$1,912.08	$5,245.42		____/____/____	
07/15/12	SRS 1983	$672.70	$447.29	$1,119.99		____/____/____	
08/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/12	SRS 2001 A	$3,333.33	$1,912.08	$5,245.42		____/____/____	
08/15/12	SRS 1983	$675.50	$444.48	$1,119.98		____/____/____	
09/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/12	SRS 2001 A	$3,333.33	$1,912.08	$5,245.42		____/____/____	
09/15/12	SRS 1983	$678.30	$441.67	$1,119.97		____/____/____	
10/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/12	SRS 2001 A		$1,820.42	$1,820.42		____/____/____	
10/15/12	SRS 1983	$681.10	$438.84	$1,119.94		____/____/____	
11/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/12	SRS 2001 A		$1,820.42	$1,820.42		____/____/____	
11/15/12	SRS 1983	$684.00	$436.00	$1,120.00		____/____/____	
12/01/12	SRS 1986 B	$193.94		$193.94		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
12/01/12	SRS 2001 A		$1,820.42	$1,820.42		____/____/____	
12/15/12	SRS 1983	$686.80	$433.15	$1,119.95		____/____/____	
01/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/13	SRS 2001 A		$1,820.42	$1,820.42		____/____/____	
01/15/13	SRS 1983	$689.70	$430.29	$1,119.99		____/____/____	
02/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/13	SRS 2001 A		$1,820.42	$1,820.42		____/____/____	
02/15/13	SRS 1983	$692.60	$427.42	$1,120.02		____/____/____	
03/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/13	SRS 2001 A		$1,820.42	$1,820.42		____/____/____	
03/15/13	SRS 1983	$695.40	$424.53	$1,119.93		____/____/____	
04/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/13	SRS 2001 A	$3,333.33	$1,820.42	$5,153.75		____/____/____	
04/15/13	SRS 1983	$698.30	$421.64	$1,119.94		____/____/____	
05/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/13	SRS 2001 A	$3,333.33	$1,820.42	$5,153.75		____/____/____	
05/15/13	SRS 1983	$701.20	$418.73	$1,119.93		____/____/____	
06/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/13	SRS 2001 A	$3,333.33	$1,820.42	$5,153.75		____/____/____	
06/15/13	SRS 1983	$704.20	$415.80	$1,120.00	$57,886.88	____/____/____	
07/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/13	SRS 2001 A	$3,333.33	$1,820.42	$5,153.75		____/____/____	
07/15/13	SRS 1983	$707.10	$412.87	$1,119.97		____/____/____	
08/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/13	SRS 2001 A	$3,333.33	$1,820.42	$5,153.75		____/____/____	
08/15/13	SRS 1983	$710.10	$409.92	$1,120.02		____/____/____	
09/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/13	SRS 2001 A	$3,333.33	$1,820.42	$5,153.75		____/____/____	
09/15/13	SRS 1983	$713.00	$406.96	$1,119.96		____/____/____	
10/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/13	SRS 2001 A		$1,728.75	$1,728.75		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
10/15/13	SRS 1983	$716.00	$403.99	$1,119.99		____/____/____	_____
11/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	_____
11/01/13	SRS 2001 A		$1,728.75	$1,728.75		____/____/____	_____
11/15/13	SRS 1983	$719.00	$401.01	$1,120.01		____/____/____	_____
12/01/13	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/13	SRS 2001 A		$1,728.75	$1,728.75		____/____/____	_____
12/15/13	SRS 1983	$722.00	$398.01	$1,120.01		____/____/____	_____
01/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/14	SRS 2001 A		$1,728.75	$1,728.75		____/____/____	_____
01/15/14	SRS 1983	$725.00	$395.01	$1,120.01		____/____/____	_____
02/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/14	SRS 2001 A		$1,728.75	$1,728.75		____/____/____	_____
02/15/14	SRS 1983	$728.00	$391.98	$1,119.98		____/____/____	_____
03/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/14	SRS 2001 A		$1,728.75	$1,728.75		____/____/____	_____
03/15/14	SRS 1983	$731.00	$388.95	$1,119.95		____/____/____	_____
04/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/14	SRS 2001 A	$3,333.33	$1,728.75	$5,062.08		____/____/____	_____
04/15/14	SRS 1983	$734.10	$385.91	$1,120.01		____/____/____	_____
05/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
05/01/14	SRS 2001 A	$3,333.33	$1,728.75	$5,062.08		____/____/____	_____
05/15/14	SRS 1983	$737.10	$382.85	$1,119.95		____/____/____	_____
06/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
06/01/14	SRS 2001 A	$3,333.33	$1,728.75	$5,062.08		____/____/____	_____
06/15/14	SRS 1983	$740.20	$379.77	$1,119.97	$56,787.07	____/____/____	_____
07/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/14	SRS 2001 A	$3,333.33	$1,728.75	$5,062.08		____/____/____	_____
07/15/14	SRS 1983	$743.30	$376.69	$1,119.99		____/____/____	_____
08/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	_____
08/01/14	SRS 2001 A	$3,333.33	$1,728.75	$5,062.08		____/____/____	_____
08/15/14	SRS 1983	$746.40	$373.59	$1,119.99		____/____/____	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
09/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/14	SRS 2001 A	$3,333.33	$1,728.75	$5,062.08		____/____/____	
09/15/14	SRS 1983	$749.50	$370.48	$1,119.98		____/____/____	
10/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/14	SRS 2001 A		$1,637.08	$1,637.08		____/____/____	
10/15/14	SRS 1983	$752.60	$367.36	$1,119.96		____/____/____	
11/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/14	SRS 2001 A		$1,637.08	$1,637.08		____/____/____	
11/15/14	SRS 1983	$755.70	$364.22	$1,119.92		____/____/____	
12/01/14	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/14	SRS 2001 A		$1,637.08	$1,637.08		____/____/____	
12/15/14	SRS 1983	$758.90	$361.07	$1,119.97		____/____/____	
01/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/15	SRS 2001 A		$1,637.08	$1,637.08		____/____/____	
01/15/15	SRS 1983	$762.10	$357.91	$1,120.01		____/____/____	
02/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/15	SRS 2001 A		$1,637.08	$1,637.08		____/____/____	
02/15/15	SRS 1983	$765.20	$354.74	$1,119.94		____/____/____	
03/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/15	SRS 2001 A		$1,637.08	$1,637.08		____/____/____	
03/15/15	SRS 1983	$768.40	$351.55	$1,119.95		____/____/____	
04/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/15	SRS 2001 A	$4,166.67	$1,637.08	$5,803.75		____/____/____	
04/15/15	SRS 1983	$771.60	$348.35	$1,119.95		____/____/____	
05/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/15	SRS 2001 A	$4,166.67	$1,637.08	$5,803.75		____/____/____	
05/15/15	SRS 1983	$774.80	$345.13	$1,119.93		____/____/____	
06/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/15	SRS 2001 A	$4,166.67	$1,637.08	$5,803.75		____/____/____	
06/15/15	SRS 1983	$778.10	$341.90	$1,120.00	$58,186.83	____/____/____	
07/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
07/01/15	SRS 2001 A	$4,166.67	$1,637.08	$5,803.75		____/____/____	
07/15/15	SRS 1983	$781.30	$338.66	$1,119.96		____/____/____	
08/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/15	SRS 2001 A	$4,166.67	$1,637.08	$5,803.75		____/____/____	
08/15/15	SRS 1983	$784.60	$335.40	$1,120.00		____/____/____	
09/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/15	SRS 2001 A	$4,166.67	$1,637.08	$5,803.75		____/____/____	
09/15/15	SRS 1983	$787.80	$332.14	$1,119.94		____/____/____	
10/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/15	SRS 2001 A		$1,522.50	$1,522.50		____/____/____	
10/15/15	SRS 1983	$791.10	$328.85	$1,119.95		____/____/____	
11/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/15	SRS 2001 A		$1,522.50	$1,522.50		____/____/____	
11/15/15	SRS 1983	$794.40	$325.56	$1,119.96		____/____/____	
12/01/15	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/15	SRS 2001 A		$1,522.50	$1,522.50		____/____/____	
12/15/15	SRS 1983	$797.70	$322.25	$1,119.95		____/____/____	
01/01/16	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/16	SRS 2001 A		$1,522.50	$1,522.50		____/____/____	
01/15/16	SRS 1983	$801.00	$318.92	$1,119.92		____/____/____	
02/01/16	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/16	SRS 2001 A		$1,522.50	$1,522.50		____/____/____	
02/15/16	SRS 1983	$804.40	$315.58	$1,119.98		____/____/____	
03/01/16	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/16	SRS 2001 A		$1,522.50	$1,522.50		____/____/____	
03/15/16	SRS 1983	$807.70	$312.23	$1,119.93		____/____/____	
04/01/16	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/16	SRS 2001 A	$4,166.67	$1,522.50	$5,689.17		____/____/____	
04/15/16	SRS 1983	$811.10	$308.87	$1,119.97		____/____/____	
05/01/16	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/16	SRS 2001 A	$4,166.67	$1,522.50	$5,689.17		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
05/15/16	SRS 1983	$814.50	$305.49	$1,119.99		___/___/___	
06/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
06/01/16	SRS 2001 A	$4,166.67	$1,522.50	$5,689.17		___/___/___	
06/15/16	SRS 1983	$817.90	$302.09	$1,119.99	$59,380.52	___/___/___	
07/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
07/01/16	SRS 2001 A	$4,166.67	$1,522.50	$5,689.17		___/___/___	
07/15/16	SRS 1983	$821.30	$298.68	$1,119.98		___/___/___	
08/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
08/01/16	SRS 2001 A	$4,166.67	$1,522.50	$5,689.17		___/___/___	
08/15/16	SRS 1983	$824.70	$295.26	$1,119.96		___/___/___	
09/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
09/01/16	SRS 2001 A	$4,166.67	$1,522.50	$5,689.17		___/___/___	
09/15/16	SRS 1983	$828.10	$291.83	$1,119.93		___/___/___	
10/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
10/01/16	SRS 2001 A		$1,407.92	$1,407.92		___/___/___	
10/15/16	SRS 1983	$831.60	$288.37	$1,119.97		___/___/___	
11/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
11/01/16	SRS 2001 A		$1,407.92	$1,407.92		___/___/___	
11/15/16	SRS 1983	$835.10	$284.91	$1,120.01		___/___/___	
12/01/16	SRS 1986 B	$193.94		$193.94		___/___/___	
12/01/16	SRS 2001 A		$1,407.92	$1,407.92		___/___/___	
12/15/16	SRS 1983	$838.50	$281.43	$1,119.93		___/___/___	
01/01/17	SRS 1986 B	$193.94		$193.94		___/___/___	
01/01/17	SRS 2001 A		$1,407.92	$1,407.92		___/___/___	
01/15/17	SRS 1983	$842.00	$277.94	$1,119.94		___/___/___	
02/01/17	SRS 1986 B	$193.94		$193.94		___/___/___	
02/01/17	SRS 2001 A		$1,407.92	$1,407.92		___/___/___	
02/15/17	SRS 1983	$845.50	$274.43	$1,119.93		___/___/___	
03/01/17	SRS 1986 B	$193.94		$193.94		___/___/___	
03/01/17	SRS 2001 A		$1,407.92	$1,407.92		___/___/___	
03/15/17	SRS 1983	$849.10	$270.90	$1,120.00		___/___/___	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
04/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/17	SRS 2001 A	$4,166.67	$1,407.92	$5,574.58		____/____/____	
04/15/17	SRS 1983	$852.60	$267.37	$1,119.97		____/____/____	
05/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/17	SRS 2001 A	$4,166.67	$1,407.92	$5,574.58		____/____/____	
05/15/17	SRS 1983	$856.20	$263.81	$1,120.01		____/____/____	
06/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/17	SRS 2001 A	$4,166.67	$1,407.92	$5,574.58		____/____/____	
06/15/17	SRS 1983	$859.70	$260.25	$1,119.95	$58,005.55	____/____/____	
07/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/17	SRS 2001 A	$4,166.67	$1,407.92	$5,574.58		____/____/____	
07/15/17	SRS 1983	$863.30	$256.66	$1,119.96		____/____/____	
08/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/17	SRS 2001 A	$4,166.67	$1,407.92	$5,574.58		____/____/____	
08/15/17	SRS 1983	$866.90	$253.07	$1,119.97		____/____/____	
09/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/17	SRS 2001 A	$4,166.67	$1,407.92	$5,574.58		____/____/____	
09/15/17	SRS 1983	$870.50	$249.45	$1,119.95		____/____/____	
10/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/17	SRS 2001 A		$1,287.08	$1,287.08		____/____/____	
10/15/17	SRS 1983	$874.10	$245.83	$1,119.93		____/____/____	
11/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/17	SRS 2001 A		$1,287.08	$1,287.08		____/____/____	
11/15/17	SRS 1983	$877.80	$242.18	$1,119.98		____/____/____	
12/01/17	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/17	SRS 2001 A		$1,287.08	$1,287.08		____/____/____	
12/15/17	SRS 1983	$881.40	$238.53	$1,119.93		____/____/____	
01/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/18	SRS 2001 A		$1,287.08	$1,287.08		____/____/____	
01/15/18	SRS 1983	$885.10	$234.85	$1,119.95		____/____/____	
02/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
02/01/18	SRS 2001 A		$1,287.08	$1,287.08		____/____/____	
02/15/18	SRS 1983	$888.80	$231.16	$1,119.96		____/____/____	
03/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/18	SRS 2001 A		$1,287.08	$1,287.08		____/____/____	
03/15/18	SRS 1983	$892.50	$227.46	$1,119.96		____/____/____	
04/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/18	SRS 2001 A	$4,166.67	$1,287.08	$5,453.75		____/____/____	
04/15/18	SRS 1983	$896.20	$223.74	$1,119.94		____/____/____	
05/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/18	SRS 2001 A	$4,166.67	$1,287.08	$5,453.75		____/____/____	
05/15/18	SRS 1983	$900.00	$220.01	$1,120.01		____/____/____	
06/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/18	SRS 2001 A	$4,166.67	$1,287.08	$5,453.75		____/____/____	
06/15/18	SRS 1983	$903.70	$216.26	$1,119.96	$56,574.23	____/____/____	
07/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/18	SRS 2001 A	$4,166.67	$1,287.08	$5,453.75		____/____/____	
07/15/18	SRS 1983	$907.50	$212.49	$1,119.99		____/____/____	
08/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/18	SRS 2001 A	$4,166.67	$1,287.08	$5,453.75		____/____/____	
08/15/18	SRS 1983	$911.20	$208.71	$1,119.91		____/____/____	
09/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/18	SRS 2001 A	$4,166.67	$1,287.08	$5,453.75		____/____/____	
09/15/18	SRS 1983	$915.00	$204.91	$1,119.91		____/____/____	
10/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/18	SRS 2001 A		$1,166.25	$1,166.25		____/____/____	
10/15/18	SRS 1983	$918.90	$201.10	$1,120.00		____/____/____	
11/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/18	SRS 2001 A		$1,166.25	$1,166.25		____/____/____	
11/15/18	SRS 1983	$922.70	$197.27	$1,119.97		____/____/____	
12/01/18	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/18	SRS 2001 A		$1,166.25	$1,166.25		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
12/15/18	SRS 1983	$926.50	$193.43	$1,119.93		____/____/____	
01/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/19	SRS 2001 A		$1,166.25	$1,166.25		____/____/____	
01/15/19	SRS 1983	$930.40	$189.57	$1,119.97		____/____/____	
02/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/19	SRS 2001 A		$1,166.25	$1,166.25		____/____/____	
02/15/19	SRS 1983	$934.30	$185.69	$1,119.99		____/____/____	
03/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/19	SRS 2001 A		$1,166.25	$1,166.25		____/____/____	
03/15/19	SRS 1983	$938.20	$181.80	$1,120.00		____/____/____	
04/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/19	SRS 2001 A	$5,000.00	$1,166.25	$6,166.25		____/____/____	
04/15/19	SRS 1983	$942.10	$177.89	$1,119.99		____/____/____	
05/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/19	SRS 2001 A	$5,000.00	$1,166.25	$6,166.25		____/____/____	
05/15/19	SRS 1983	$946.00	$173.96	$1,119.96		____/____/____	
06/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/19	SRS 2001 A	$5,000.00	$1,166.25	$6,166.25		____/____/____	
06/15/19	SRS 1983	$949.90	$170.02	$1,119.92	$57,624.26	____/____/____	
07/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/19	SRS 2001 A	$5,000.00	$1,166.25	$6,166.25		____/____/____	
07/15/19	SRS 1983	$953.90	$166.06	$1,119.96		____/____/____	
08/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/19	SRS 2001 A	$5,000.00	$1,166.25	$6,166.25		____/____/____	
08/15/19	SRS 1983	$957.90	$162.09	$1,119.99		____/____/____	
09/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/19	SRS 2001 A	$5,000.00	$1,166.25	$6,166.25		____/____/____	
09/15/19	SRS 1983	$961.90	$158.09	$1,119.99		____/____/____	
10/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/19	SRS 2001 A		$1,021.25	$1,021.25		____/____/____	
10/15/19	SRS 1983	$965.90	$154.09	$1,119.99		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
11/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/19	SRS 2001 A		$1,021.25	$1,021.25		____/____/____	
11/15/19	SRS 1983	$969.90	$150.06	$1,119.96		____/____/____	
12/01/19	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/19	SRS 2001 A		$1,021.25	$1,021.25		____/____/____	
12/15/19	SRS 1983	$973.90	$146.02	$1,119.92		____/____/____	
01/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/20	SRS 2001 A		$1,021.25	$1,021.25		____/____/____	
01/15/20	SRS 1983	$978.00	$141.96	$1,119.96		____/____/____	
02/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/20	SRS 2001 A		$1,021.25	$1,021.25		____/____/____	
02/15/20	SRS 1983	$982.10	$137.89	$1,119.99		____/____/____	
03/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/20	SRS 2001 A		$1,021.25	$1,021.25		____/____/____	
03/15/20	SRS 1983	$986.20	$133.79	$1,119.99		____/____/____	
04/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/20	SRS 2001 A	$5,000.00	$1,021.25	$6,021.25		____/____/____	
04/15/20	SRS 1983	$990.30	$129.68	$1,119.98		____/____/____	
05/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/20	SRS 2001 A	$5,000.00	$1,021.25	$6,021.25		____/____/____	
05/15/20	SRS 1983	$994.40	$125.56	$1,119.96		____/____/____	
06/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/20	SRS 2001 A	$5,000.00	$1,021.25	$6,021.25		____/____/____	
06/15/20	SRS 1983	$998.50	$121.41	$1,119.91	$58,456.83	____/____/____	
07/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/20	SRS 2001 A	$5,000.00	$1,021.25	$6,021.25		____/____/____	
07/15/20	SRS 1983	$1,002.70	$117.25	$1,119.95		____/____/____	
08/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/20	SRS 2001 A	$5,000.00	$1,021.25	$6,021.25		____/____/____	
08/15/20	SRS 1983	$1,006.90	$113.08	$1,119.98		____/____/____	
09/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
09/01/20	SRS 2001 A	$5,000.00	$1,021.25	$6,021.25		____/____/____	_____
09/15/20	SRS 1983	$1,011.10	$108.88	$1,119.98		____/____/____	_____
10/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	_____
10/01/20	SRS 2001 A		$876.25	$876.25		____/____/____	_____
10/15/20	SRS 1983	$1,015.30	$104.67	$1,119.97		____/____/____	_____
11/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	_____
11/01/20	SRS 2001 A		$876.25	$876.25		____/____/____	_____
11/15/20	SRS 1983	$1,019.50	$100.44	$1,119.94		____/____/____	_____
12/01/20	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/20	SRS 2001 A		$876.25	$876.25		____/____/____	_____
12/15/20	SRS 1983	$1,023.80	$96.19	$1,119.99		____/____/____	_____
01/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/21	SRS 2001 A		$876.25	$876.25		____/____/____	_____
01/15/21	SRS 1983	$1,028.00	$91.92	$1,119.92		____/____/____	_____
02/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/21	SRS 2001 A		$876.25	$876.25		____/____/____	_____
02/15/21	SRS 1983	$1,032.20	$87.64	$1,119.84		____/____/____	_____
03/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/21	SRS 2001 A		$876.25	$876.25		____/____/____	_____
03/15/21	SRS 1983	$1,036.60	$83.34	$1,119.94		____/____/____	_____
04/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/21	SRS 2001 A	$5,000.00	$876.25	$5,876.25		____/____/____	_____
04/15/21	SRS 1983	$1,040.90	$79.02	$1,119.92		____/____/____	_____
05/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
05/01/21	SRS 2001 A	$5,000.00	$876.25	$5,876.25		____/____/____	_____
05/15/21	SRS 1983	$1,045.20	$74.68	$1,119.88		____/____/____	_____
06/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
06/01/21	SRS 2001 A	$5,000.00	$876.25	$5,876.25		____/____/____	_____
06/15/21	SRS 1983	$1,049.60	$70.33	$1,119.93	$56,716.44	____/____/____	_____
07/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/21	SRS 2001 A	$5,000.00	$876.25	$5,876.25		____/____/____	_____

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
07/15/21	SRS 1983	$1,054.00	$65.95	$1,119.95		____/____/____	
08/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/21	SRS 2001 A	$5,000.00	$876.25	$5,876.25		____/____/____	
08/15/21	SRS 1983	$1,058.40	$61.56	$1,119.96		____/____/____	
09/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/21	SRS 2001 A	$5,000.00	$876.25	$5,876.25		____/____/____	
09/15/21	SRS 1983	$1,062.70	$57.15	$1,119.85		____/____/____	
10/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/21	SRS 2001 A		$731.25	$731.25		____/____/____	
10/15/21	SRS 1983	$1,067.20	$52.72	$1,119.92		____/____/____	
11/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/21	SRS 2001 A		$731.25	$731.25		____/____/____	
11/15/21	SRS 1983	$1,071.70	$48.28	$1,119.98		____/____/____	
12/01/21	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/21	SRS 2001 A		$731.25	$731.25		____/____/____	
12/15/21	SRS 1983	$1,076.10	$43.81	$1,119.91		____/____/____	
01/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/22	SRS 2001 A		$731.25	$731.25		____/____/____	
01/15/22	SRS 1983	$1,080.60	$39.33	$1,119.93		____/____/____	
02/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/22	SRS 2001 A		$731.25	$731.25		____/____/____	
02/15/22	SRS 1983	$1,085.10	$34.82	$1,119.92		____/____/____	
03/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/22	SRS 2001 A		$731.25	$731.25		____/____/____	
03/15/22	SRS 1983	$1,089.60	$30.30	$1,119.90		____/____/____	
04/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/22	SRS 2001 A	$5,833.33	$731.25	$6,564.58		____/____/____	
04/15/22	SRS 1983	$1,094.20	$25.76	$1,119.96		____/____/____	
05/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/22	SRS 2001 A	$5,833.33	$731.25	$6,564.58		____/____/____	
05/15/22	SRS 1983	$1,098.70	$21.20	$1,119.90		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
06/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/22	SRS 2001 A	$5,833.33	$731.25	$6,564.58		____/____/____	
06/15/22	SRS 1983	$1,103.20	$16.62	$1,119.82	$57,476.23	____/____/____	
07/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/22	SRS 2001 A	$5,833.33	$731.25	$6,564.58		____/____/____	
07/15/22	SRS 1983	$1,107.90	$12.03	$1,119.93		____/____/____	
08/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/22	SRS 2001 A	$5,833.33	$731.25	$6,564.58		____/____/____	
08/15/22	SRS 1983	$1,112.50	$7.41	$1,119.91		____/____/____	
09/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/22	SRS 2001 A	$5,833.33	$731.25	$6,564.58		____/____/____	
09/15/22	SRS 1983	$665.80	$2.77	$668.57		____/____/____	
10/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/22	SRS 2001 A		$560.63	$560.63		____/____/____	
11/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/22	SRS 2001 A		$560.63	$560.63		____/____/____	
12/01/22	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/22	SRS 2001 A		$560.63	$560.63		____/____/____	
01/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/23	SRS 2001 A		$560.63	$560.63		____/____/____	
02/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/23	SRS 2001 A		$560.63	$560.63		____/____/____	
03/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/23	SRS 2001 A		$560.63	$560.63		____/____/____	
04/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/23	SRS 2001 A	$5,833.33	$560.63	$6,393.96		____/____/____	
05/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/23	SRS 2001 A	$5,833.33	$560.63	$6,393.96		____/____/____	
06/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/23	SRS 2001 A	$5,833.33	$560.63	$6,393.96	$47,475.02	____/____/____	
07/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
07/01/23	SRS 2001 A	$5,833.33	$560.63	$6,393.96		____/____/____	
08/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/23	SRS 2001 A	$5,833.33	$560.63	$6,393.96		____/____/____	
09/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/23	SRS 2001 A	$5,833.33	$560.63	$6,393.96		____/____/____	
10/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/23	SRS 2001 A		$390.00	$390.00		____/____/____	
11/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
11/01/23	SRS 2001 A		$390.00	$390.00		____/____/____	
12/01/23	SRS 1986 B	$193.94		$193.94		____/____/____	
12/01/23	SRS 2001 A		$390.00	$390.00		____/____/____	
01/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
01/01/24	SRS 2001 A		$390.00	$390.00		____/____/____	
02/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
02/01/24	SRS 2001 A		$390.00	$390.00		____/____/____	
03/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
03/01/24	SRS 2001 A		$390.00	$390.00		____/____/____	
04/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
04/01/24	SRS 2001 A	$6,666.67	$390.00	$7,056.67		____/____/____	
05/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
05/01/24	SRS 2001 A	$6,666.67	$390.00	$7,056.67		____/____/____	
06/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
06/01/24	SRS 2001 A	$6,666.67	$390.00	$7,056.67	$45,019.11	____/____/____	
07/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
07/01/24	SRS 2001 A	$6,666.67	$390.00	$7,056.67		____/____/____	
08/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
08/01/24	SRS 2001 A	$6,666.67	$390.00	$7,056.67		____/____/____	
09/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
09/01/24	SRS 2001 A	$6,666.67	$390.00	$7,056.67		____/____/____	
10/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	
10/01/24	SRS 2001 A		$195.00	$195.00		____/____/____	

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS

TOWN OF ALDERSON, WEST VIRGINIA
SUMMARY OF SEWER SYSTEM BOND PAYMENTS
(FINAL SERIES 2001 A BOND PAYMENTS)

PAYMENT DATE	BOND SERIES	PRINCIPAL PORTION	INTEREST PORTION	TOTAL PAYMENT	FY ENDING JUNE 30	DATE PAID	CHECK NUMBER
11/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	_____
11/01/24	SRS 2001 A		$195.00	$195.00		____/____/____	_____
12/01/24	SRS 1986 B	$193.94		$193.94		____/____/____	_____
12/01/24	SRS 2001 A		$195.00	$195.00		____/____/____	_____
01/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
01/01/25	SRS 2001 A		$195.00	$195.00		____/____/____	_____
02/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
02/01/25	SRS 2001 A		$195.00	$195.00		____/____/____	_____
03/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
03/01/25	SRS 2001 A		$195.00	$195.00		____/____/____	_____
04/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
04/01/25	SRS 2001 A	$6,666.67	$195.00	$6,861.67		____/____/____	_____
05/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
05/01/25	SRS 2001 A	$6,666.67	$195.00	$6,861.67		____/____/____	_____
06/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
06/01/25	SRS 2001 A	$6,666.67	$195.00	$6,861.67	$45,252.23	____/____/____	_____
07/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
07/01/25	SRS 2001 A	$6,666.67	$195.00	$6,861.67		____/____/____	_____
08/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
08/01/25	SRS 2001 A	$6,666.67	$195.00	$6,861.67		____/____/____	_____
09/01/25	SRS 1986 B	$193.94		$193.94		____/____/____	_____
09/01/25	SRS 2001 A	$6,666.67	$195.00	$6,861.67	$21,166.81	____/____/____	_____
TOTALS:		$780,217.22	$578,716.62	$1,358,933.84	$1,358,933.84		

SERIES 1983 AND 1986 B ARE ESTIMATED PAYMENTS