THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)
and
Amendment of
Sewer Revenue Bonds, Series 1997 C
(West Virginia Infrastructure Fund)

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THE TOWN OF BUFFALO

SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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THE TOWN OF BUFFALO

ORDINANCE AUTHORIZING THE PAYMENT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $454,746 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, for the health and welfare of the inhabitants of the Issuer, the Issuer has heretofore acquired and constructed certain improvements and extensions to the existing system consisting of a wastewater treatment facility and storm water collection to serve Toyota Motor Corporation and

other development in and around The Town of Buffalo (the "Project") (the existing public sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Clerk of the Issuer.

C. The Issuer has heretofore temporarily financed the acquisition and construction of certain additions, extensions and improvements to the System by issuance of its Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $636,203 of which $636,203 is presently outstanding (the "Prior Notes"). The Issuer hereby determines that it is necessary and desirable to permanently finance and pay in full a portion of the Prior Notes with the proceeds of the Series 2010 A Bonds.

D. The Prior Notes were issued pursuant to an ordinance of the Issuer duly adopted on December 1, 1997 as supplemented (collectively, the "Prior Note Ordinance").

E. Pursuant to the Act, the Issuer is authorized and empowered to issue bonds for the purpose of paying or discharging all or any part of the Prior Notes.

F. The Issuer intends to pay a portion of the Prior Notes through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") pursuant to the Act and with a grant from the Council.

G. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of not more than $454,746 as a single bond (the "Series 2010 A Bonds"), to partially pay the Prior Notes. The costs of the Project shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2010 A Bonds prior to and during acquisition and construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Account (as hereinafter defined) for the Series 2010 A Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the System after completion of the Project is

not less than 40 years.

I. It is in the best interests of the Issuer that its Series 2010 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

J. The Issuer has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168 (the "Series 1990 A Bonds"); (ii) Sewer Revenue Bonds, Series 1990 C (United States Department of Agriculture), dated September 6, 1990, issued in the original aggregate principal amount of $396,000 (the "Series 1990 C Bonds"); (iii) Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000 (the "Series 1997 A Bonds"); (iv) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192 (the "Series 1997 B Bond"); (v) Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000 (the "Series 1997 C Bonds) (collectively, the "First Lien Bonds"); and (vi) Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652 (the "Series 1990 B Bonds", and collectively with the First Lien Bonds, the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Series 1990 B Bonds. Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2010 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Series 1990 B Bonds to the issuance of the Series 2010 A Bonds prior to the Series 1990 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

K. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds and the Series 2010 A Bonds and to make payments into all funds and accounts and other payments provided for herein.

L. The Issuer has complied with all requirements of West Virginia law, the Loan Agreement (hereinafter defined) relating to the authorization of the payment of the Prior Notes and the System and issuance of the Series 2010 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 A Bonds or such final order will not be

subject to appeal.

M. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2010 A Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2010 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

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

"Bonds" means, collectively, the Series 2010 A Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder

or by another ordinance of the Issuer.

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

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2010 A Bonds for all or a portion of the proceeds of the Series 2010 A Bonds from the Authority.

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

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the costs of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

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

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

"First Lien Bonds" means the Series 1990 A Bonds, Series 1990 C Bonds, Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds.

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

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

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

"Grants" means all grant monies received by the Issuer for the Project.

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

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

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

"Issuer" means The Town of Buffalo, a municipal corporation and political subdivision of the State of West Virginia, in Putnam County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and/or the Sanitary Board of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2010 A Bonds, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2010 A Bonds Reserve Account.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs), fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, 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 any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are

applicable to prior accounting periods.

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

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

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

"Prior Bonds" means, collectively, the Issuer's Series 1990 A Bonds, Series 1990 B Bonds, Series 1990 C Bonds, Series 1997 A Bonds, Series 1997 B Bonds and the Series 1997 C Bonds.

"Prior Notes" means the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $636,203.

"Prior Notes Ordinance" means the ordinance of the Issuer authorizing the Prior Notes.

"Prior Ordinances" means the ordinances of the Issuer, as supplemented by the supplemental resolutions of the Issuer, authorizing the Prior Bonds.

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

"Qualified Investments" means and includes the following:

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal

Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal

income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2010 A Bonds.

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

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

"Series 1990 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168.

"Series 1990 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652.

"Series 1990 C Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 C (United States Department of Agriculture), dated September 6, 1990, issued in the original aggregate principal amount of $396,000.

"Series 1997 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000.

"Series 1997 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192.

"Series 1997 C Bonds" means the Issuer's Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000.

"Series 2010 A Bonds" means the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2010 A Bonds Trust Fund" means the Series 2010 A Bonds Trust Fund established by Section 5.01 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2010 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2010 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 A Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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 THE PAYMENT OF PRIOR NOTES

Section 2.01. Authorization of the Payment of the Prior Notes. There is hereby authorized and ordered the payment in full of the entire principal on the Prior Notes on the Closing Date. Upon payment in full of the Prior Notes, the pledge of funds in favor of the Holders of the Prior Notes imposed by the Prior Notes Ordinance and the monies in the funds and accounts created by the Prior Notes Ordinance pledged to the Prior Notes are hereby ordered terminated, discharged and released. The cost of the payment of the Prior Notes is estimated to be $704,746 of which $454,746 will be obtained from the proceeds of the Series 2010 A Bonds and $250,000 from a grant from the Council.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Prior Notes, funding the reserve account for the Series 2010 A Bonds, paying a portion of the Costs of the Payment of the Prior Notes not otherwise provided for and paying certain costs of issuance of the Series 2010 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2010 A Bonds of the Issuer. The Series 2010 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $454,746, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 A Bonds remaining after funding of the Series 2010 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 A Bonds Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2010 A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2010 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2010 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it

appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2010 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2010 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Series 2010 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2010 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2010 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2010 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2010 A Bonds are exercised, all Series 2010 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2010 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2010 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 A Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2010 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the First Lien

Bonds and senior and prior to the Series 1990 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2010 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2010 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $454,746

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2010, The Town of Buffalo, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR HUNDRED FIFTY FOUR THOUSAND SEVEN HUNDRED FORTY SIX DOLLARS ($454,746), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2010.

This Bond is issued (i) to pay a portion of the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"); (ii) to fund the Series 2010 A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is

issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (THE "SERIES 1990 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 6, 1990, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $396,000 (THE "SERIES 1990 C BONDS"); (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 4, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,192 (THE "SERIES 1997 B BONDS"); AND (5) SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 C BONDS") (COLLECTIVELY THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1990 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 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 monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation,

the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that, so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(21)	$	
(2)	$		(22)	$	
(3)	$		(23)	$	
(4)	$		(24)	$	
(5)	$		(25)	$	
(6)	$		(26)	$	
(7)	$		(27)	$	
(8)	$		(28)	$	
(9)	$		(29)	$	
(10)	$		(30)	$	
(11)	$		(31)	$	
(12)	$		(32)	$	
(13)	$		(33)	$	
(14)	$		(34)	$	
(15)	$		(35)	$	
(16)	$		(36)	$	
(17)	$		(37)	$	
(18)	$		(38)	$	
(19)	$		(39)	$	
(20)	$		(40)	$	

TOTAL $ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2010 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, and is hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. The Issuer will file with the Council and the Authority a schedule for the Series 2010 A Bonds, the form of which will be provided by the Authority and the Council, setting forth the actual costs of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances as Depreciation Account); and

(3) Series 2010 A Bonds Trust Fund.

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

(1) Series 1990 A Bonds Sinking Fund (established by Prior

Ordinance);

(2) Series 1990 A Bonds Reserve Account (established by Prior Ordinance);

(3) Series 1990 B Bonds Sinking Fund (established by Prior Ordinance);

(4) Series 1990 B Bonds Reserve Account (established by Prior Ordinance);

(5) Series 1990 C Bonds Reserve Account (established by Prior Ordinance);

(6) Series 1997 A Bonds Sinking Fund (established by Prior Ordinance);

(7) Series 1997 A Bonds Reserve Account (established by Prior Ordinance);

(8) Series 1997 B Bonds Sinking Fund (established by Prior Ordinance);

(9) Series 1997 B Bonds Reserve Account (established by Prior Ordinance);

(10) Series 1997 C Bonds Sinking Fund (established by Prior Ordinance);

(11) Series 1997 C Bonds Reserve Account (established by Prior Ordinance);

(12) Series 2010 A Bonds Sinking Fund; and

(13) Series 2010 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit simultaneously remit (i) to the National Finance Office the interest payments on the Series 1990 C Bonds, as required by the Prior Ordinances; and (ii) to the Commission, the interest payments on the Series 1990 A Bonds as required by the Prior Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the principal payments on the Series 1990 C Bonds, as required by the Prior Ordinances; (ii) to the Commission the principal payments on the Series 1990 A Bonds, Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds as required by the Prior Ordinances; and (iii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission for deposit in the respective reserve accounts for the First Lien Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 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 2010 A Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the principal payments on the Series 1990 B Bonds as required by the Prior Ordinance.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit for deposit in the reserve account for the Series 1990 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

Monies in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds, as the same shall become due. Monies in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 A Bonds, as the same shall come due, when other monies in the Series 2010 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 A Bonds.

Any withdrawals from the Series 2010 A Bonds Reserve Account, which result in a reduction in the balance of such accounts to below the Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2010 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund or the Series 2010 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The issuer covenants and agrees to transfer moneys in the Series 1990 A Bonds Reserve Account upon maturity of the Series 1990 A Bonds. The Issuer covenants and agrees not to use the series 1990 A Bonds reserve account for the final payment of the Series 1990 A Bonds.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2010 A Bonds, and senior and prior to the Series 1990 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 A Bonds under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2010 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2010 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. Next, from the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission in the Series 2010 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 A Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 A Bonds Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2010 A Bonds.

C. After completion of the payment of the Prior Notes and all costs have been paid, any remaining proceeds of the Series 2010 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements of Bond Proceeds. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2010 A Bonds from the Series 2010 A Bonds Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer, stating that:

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

(2) 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;

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

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

Pending such application, monies in the Series 2010 A Bonds Trust Fund shall be

invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2010 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2010 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on Net Revenues in favor of the Holders of the Series 1990 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the issuer shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall provide a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance

of the Issuer enacted May 18, 2009, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2010 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement.

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

So long as the Series 2010 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2010 A Bonds Sinking Fund, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2010 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2010 A 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 Board 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 is not in excess of $50,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board 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 shall be in excess of $50,000 but not in excess of $200,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may

then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Prior Ordinances and 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 source fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 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 and source of and security for payment from such revenues and in all other respects, to the Series 2010 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 A Bonds pursuant to this Ordinance, without

the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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

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

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Bond Legislation then Outstanding; and

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

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

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

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

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

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

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

The Board shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Project and commencement of operation thereof.

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

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

The Board shall file with the Authority and the Council, or any other original purchaser of the Series 2010 A Bonds and shall mail in each year to any Holder or Holders of the Series 2010 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and, to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2010 A Bonds and shall submit the report to the Authority and the Council, or any other original purchaser of the Series 2010 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of test disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Board shall permit the Authority or the Council, or their agents and

representatives, to enter and inspect the facilities at all reasonable times. The Board shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2010 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (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 2010 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds including the First Lien Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 2010 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2010 A Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a

registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the Closing Date, and for a period of 2 years, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Operating Personnel. The Board shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized

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

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

Section 7.15. Insurance and Construction Bonds.

A. The Board hereby covenants and agrees that so long as the Series 2010 A Bonds remain Outstanding, the Board will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Board, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the prime contractor and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT 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 Board 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.

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

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

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

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

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

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

Section 7.17. Completion of Project; Permits and Orders. The Board has completed the acquisition and construction of the Project and shall operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2010 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

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

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 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 2010 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior and prior to the Series 1990 B Bonds.

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

Section 7.21. Approvals; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2010 A Bonds or immediately thereafter, pay the Prior Notes.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2010 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate and Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2010 A Bonds as a condition to issuance of the Series 2010 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to maintain the status of the Series 2010 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2010 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take

such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2010 A Bonds; or

(2) If default occurs in the Issuer or the Board's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2010 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 A Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate, shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Bondholder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Bondholders including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services

rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2010 A Bonds shall be on a parity with those of the Holders of the First Lien Bonds and senior and prior to the Series 1990 B Bonds.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2010 A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2010 A Bonds, the principal of and interest, if any, due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2010 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2010 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2010 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with

Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2010 A Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2010 A 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. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

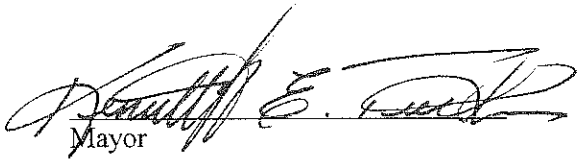
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, 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 Putnam Democrat, a qualified newspaper published and of general circulation in The Town of Buffalo, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 A 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.

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

Passed on First Reading:	July 6, 2010
Passed on Second Reading:	July 19, 2010
Passed on Final Reading Following Public Hearing:	August 2, 2010



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of The Town of Buffalo on the 2nd day of August, 2010.

Dated: November 9, 2010.

[SEAL]

Linda Whittington
Clerk

116100.00003

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF BUFFALO; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Whereas, the Town Council (the "Governing Body") of The Town of Buffalo (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective August 2, 2010 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE PAYING OF THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $440,312 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF

SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer (the "Series 2010 A Bonds"), in the aggregate principal amounts not to exceed $440,312, and has authorized the execution and delivery of a loan agreement relating to the Series 2010 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2010 A Bonds should be established by a supplemental resolution pertaining to the Series 2010 A Bonds; and that other matters relating to the Series 2010 A Bonds be herein provided for;

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

WHEREAS, the Series 2010 A 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, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2010 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 A Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF BUFFALO, AS FOLLOWS:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the principal amount of $440,312. The Series 2010 A Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2037 and shall bear no interest. The principal of the Series 2010 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011 to and including December 1, 2037, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2010 A Bonds and incorporated in and made a part of the Series 2010 A Bonds. The Series

2010 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2010 A Bonds.

Section 2. All other provisions relating to the Series 2010 A Bonds and the text of the Series 2010 A Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Series 2010 A Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 A Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2010 A Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 A Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate the Poca Valley Bank, Winfield, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. A. Series 2010 A Bonds proceeds in the amount of $33,522 shall be deposited in the Series 2010 A Bonds Reserve Account.

B. The Issuer instructs the Commission to transfer moneys in the Series 1990 A Bonds Reserve account to the Series 2010 A Bonds Reserve Account when the Series 1990 A Bonds are paid in full. The Issuer covenants not to use the Series 1990 A Bonds Reserve Account for the final payment of the Series 1990 A Bonds.

Section 8. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2010 A Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2010 A Bonds may be delivered on or about November 9, 2010, to the Authority pursuant to the Loan Agreement.

Section 9. The payment of the Prior Notes and the financing thereof in part with proceeds of the Series 2010 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2010 A Bond Sinking Fund and the Series 2010 A Bond Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

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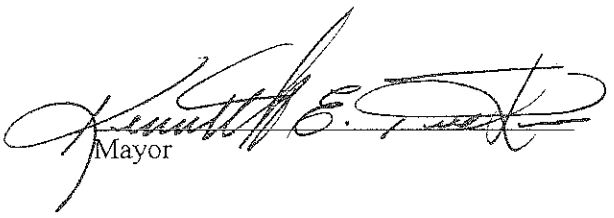
Adopted this 1st day of November, 2010.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of Buffalo on the 1st day of November, 2010.

Dated: November 9, 2010.

[SEAL]

Linda Whittington
Clerk

116100.00003

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1997 A (West Virginia SRF Program),
Series 1997 B (West Virginia Infrastructure Fund), and
Series 1997 C (West Virginia Infrastructure Fund), and
Sewerage System Bond Anticipation Notes, Series 1997
(West Virginia Infrastructure Fund)

THIRD SUPPLEMENTAL RESOLUTION

THIRD SUPPLEMENTAL RESOLUTION PROVIDING AS TO AMENDMENT OF TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF BUFFALO; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Whereas, the Town Council (the "Governing Body") of The Town of Buffalo (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective December 1, 1997 entitled (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF BUFFALO, AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN

AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Whereas, the Governing Body of the Issuer has duly and officially adopted a First Supplemental Resolution, effective December 1, 1997 entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO; RATIFYING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

Whereas, the Governing Body of the Issuer has duly and officially adopted a Second Supplemental Resolution, effective December 1, 1997 entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF BUFFALO; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the Bond Ordinance, First Supplemental Resolution and Second Supplemental Resolution are collectively the "Bond Ordinance"

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) in the aggregate amount not to exceed $1,000,000 , Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund) not to collectively exceed an aggregate amount of $4,000,000 and has authorized the execution and delivery of loan agreements relating to the Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with the Act; and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds should be established by a supplemental resolution pertaining to the Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds; and that other matters relating to the Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds be herein provided for;

WHEREAS, on December 4, 1997, the Issuer issued the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) in the original aggregate amount of $600,000;

WHEREAS, on December 4, 1997, the Issuer issued the Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund) in the original aggregate amount of $2,032,192;

WHEREAS, on December 4, 1997, the Issuer issued the Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund) in the original aggregate amount of $600,000;

WHEREAS, the Governing Body deems it essential and desirable to amend the Series 1997 C Bonds with such amendment to waive the administrative fee on the Series 1997 C Bonds.

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Third Supplemental Resolution") be adopted, that the that the exact principal amounts, the dates, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 1997 C Bonds be fixed hereby in the manner stated herein, and provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF BUFFALO, AS FOLLOWS:

Section 1. Pursuant to the Bond Ordinance and the Act, this Third Supplemental Resolution is adopted and there are hereby authorized and ordered to be amended the Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered CR-1, in the principal amount of $600,000. The Series 1997 C Bonds shall be dated December 4, 1997, shall finally mature December 1, 2037 and shall bear no interest. The principal of the Series 1997 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2019 to and including December 1, 2037 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 1997 C Bonds and incorporated in and made a part of the Series 1997 C Bonds. The Series 1997 C Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1997 C Bonds.

Section 2. The Issuer does hereby approve the waiver of the Council Administrative Fee equal to 1% of the principal amount of the Series 1997 C Bonds set forth in "Schedule Y" attached to the Loan Agreement.

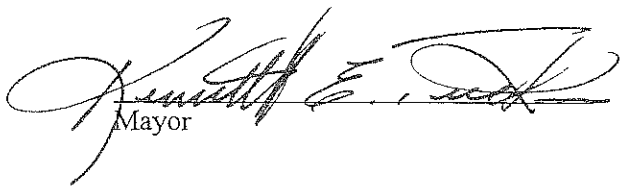
Section 3. All other provisions relating to the Series 1997 C Bonds and the text of the Series 1997 C Bonds shall be in substantially the form provided in the Bond Ordinance. The text of the Series 1997 C Bond shall be substantially in the form attached hereto as EXHIBIT A, with such admissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any supplemental resolution.

Section 4. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with amendment of the Series 1997 C Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the amended Series 1997 C Bonds may be delivered on or about November 9, 2010, to the Authority.

Section 5. The amendment of the Series 1997 C Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

Adopted this 1st day of November, 2010.



Mayor

CERTIFICATION

Certified a true copy of a Third Supplemental Resolution duly adopted by the Council of The Town of Buffalo on the 1st day of November, 2010.

Dated: November 9, 2010.

[SEAL]

Linda Whittington
Clerk

116100.00003

EXHIBIT A

(FORM OF AMENDED SERIES 1997 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1997 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

AMENDED

No. CR-1 $600,000

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2010, THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SIX HUNDRED THOUSAND DOLLARS ($600,000), as has been advanced to the Issuer hereunder as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2019 to and including December 1, 2037 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 4, 1997.

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

and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on December 1, 1997, a First Supplemental Resolution duly adopted by the Issuer December 1, 1997, a Second Supplemental Resolution duly adopted by the Issuer on December 1, 1997 and a Third Supplemental Resolution duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (2) SEWER REVENUE BONDS, SERIES 1990 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"), (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 A BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,192 (THE "SERIES 1997 B BONDS"). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, the Series 1997 A Bonds and the Series 1997 B Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 C Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest thereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for

the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 1997 C Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 1997 C Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds, and the Series 1997 B Bonds; provided however, that so long as there exists in the Series 1997 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with, or subordinate to, the Series 1997 C Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds and the Series 1997 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

_____
Mayor

ATTEST

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date
1.	30,000.00	12/04/1997
2.	301,643.00	04/14/1998
3.	268,357.00	05/15/1998
4.	_____	_____
	600,000.00	Final

EXHIBIT B

QUARTERLY DEBT SERVICE SCHEDULE
THE TOWN OF BUFFALO
$600,000
Infrastructure Fund Loan
Amended Debt Service Schedule

Term (Yrs.): 40
Loan Rate: 0.00%
First Payment: June 1, 2019
Final Payment: December 1, 2037

Payment Date	#	Principal	Fee	Total
6/1/19	1	$8,000	0	$8,000
9/1/19	2	8,000	0	8,000
12/1/19	3	8,000	0	8,000
3/1/20	4	8,000	0	8,000
6/1/20	5	8,000	0	8,000
9/1/20	6	8,000	0	8,000
12/1/20	7	8,000	0	8,000
3/1/21	8	8,000	0	8,000
6/1/21	9	8,000	0	8,000
9/1/21	10	8,000	0	8,000
12/1/21	11	8,000	0	8,000
3/1/22	12	8,000	0	8,000
6/1/22	13	8,000	0	8,000
9/1/22	14	8,000	0	8,000
12/1/22	15	8,000	0	8,000
3/1/23	16	8,000	0	8,000
6/1/23	17	8,000	0	8,000
9/1/23	18	8,000	0	8,000
12/1/23	19	8,000	0	8,000
3/1/24	20	8,000	0	8,000
6/1/24	21	8,000	0	8,000
9/1/24	22	8,000	0	8,000
12/1/24	23	8,000	0	8,000
3/1/25	24	8,000	0	8,000
6/1/25	25	8,000	0	8,000
9/1/25	26	8,000	0	8,000

12/1/25	27	8,000	0	8,000
3/1/26	28	8,000	0	8,000
6/1/26	29	8,000	0	8,000
9/1/26	30	8,000	0	8,000
12/1/26	31	8,000	0	8,000
3/1/27	32	8,000	0	8,000
6/1/27	33	8,000	0	8,000
9/1/27	34	8,000	0	8,000
12/1/27	35	8,000	0	8,000
3/1/28	36	8,000	0	8,000
6/1/28	37	8,000	0	8,000
9/1/28	38	8,000	0	8,000
12/1/28	39	8,000	0	8,000
3/1/29	40	8,000	0	8,000
6/1/29	41	8,000	0	8,000
9/1/29	42	8,000	0	8,000
12/1/29	43	8,000	0	8,000
3/1/30	44	8,000	0	8,000
6/1/30	45	8,000	0	8,000
9/1/30	46	8,000	0	8,000
12/1/30	47	8,000	0	8,000
3/1/31	48	8,000	0	8,000
6/1/31	49	8,000	0	8,000
9/1/31	50	8,000	0	8,000
12/1/31	51	8,000	0	8,000
3/1/32	52	8,000	0	8,000
6/1/32	53	8,000	0	8,000
9/1/32	54	8,000	0	8,000
12/1/32	55	8,000	0	8,000
3/1/33	56	8,000	0	8,000
6/1/33	57	8,000	0	8,000
9/1/33	58	8,000	0	8,000
12/1/33	59	8,000	0	8,000
3/1/34	60	8,000	0	8,000
6/1/34	61	8,000	0	8,000
9/1/34	62	8,000	0	8,000
12/1/34	63	8,000	0	8,000
3/1/35	64	8,000	0	8,000
6/1/35	65	8,000	0	8,000
9/1/35	66	8,000	0	8,000
12/1/35	67	8,000	0	8,000
3/1/36	68	8,000	0	8,000

6/1/36	69	8,000	0	8,000
9/1/36	70	8,000	0	8,000
12/1/36	71	8,000	0	8,000
3/1/37	72	8,000	0	8,000
6/1/37	73	8,000	0	8,000
9/1/37	74	8,000	0	8,000
12/1/37	75	8,000	0	8,000
		$600,000	$0	$600,000

(Form of)

ASSIGNMENT

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

Dated: _____, 20_____.

_____

In the presence of:

_____

IC-1
(08/09)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF BUFFALO
(97S-293)

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.6 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 "System" means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

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

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

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

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

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

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

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and

the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

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

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

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin,

sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the

Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

Certain Covenants of the Governmental Agency; Imposition and Collection of User Charges; Payments To Be Made by Governmental Agency to the Authority

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

TOWN OF BUFFALO

(SEAL)

By: _____
Its: Mayor
Date: November 9, 2010

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: November 9, 2010

Attest:

_____
Its: Authorized Officer

{C1895779.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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

WITNESS my signature and seal on this _____ day of _____, ____.

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $440,312
Purchase Price of Local Bonds $440,312

The Local Bonds shall bear no interest. Commencing March 1, 2011, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

(i) Town of Buffalo Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168;

(ii) Town of Buffalo Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652;

(iii) Town of Buffalo Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000;

(iv) Town of Buffalo Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192;

(v) Town of Buffalo Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000.

Number of New Customers to Be Served: 1
Location: Toyota

SCHEDULE Y
DEBT SERVICE SCHEDULE

			Town of Buffalo
			Sewer Revenue Bonds, Series 2010
			November 9, 2010
03/01/	2011	2,061.92	
06/01/	2011	2,061.92	
09/01/	2011	2,061.92	
12/01/	2011	2,061.92	
03/01/	2012	2,061.92	
06/01/	2012	2,061.92	
09/01/	2012	2,061.92	
12/01/	2012	2,061.92	
03/01/	2013	2,061.92	
06/01/	2013	2,061.92	
09/01/	2013	2,061.92	
12/01/	2013	2,061.92	
03/01/	2014	2,061.92	
06/01/	2014	2,061.92	
09/01/	2014	2,061.92	
12/01/	2014	2,061.92	
03/01/	2015	2,061.92	
06/01/	2015	2,061.92	
09/01/	2015	2,061.92	
12/01/	2015	2,061.92	
03/01/	2016	2,061.92	
06/01/	2016	2,061.92	
09/01/	2016	2,061.92	
12/01/	2016	2,061.92	
03/01/	2017	2,061.92	
06/01/	2017	2,061.92	
09/01/	2017	2,061.92	
12/01/	2017	2,061.92	
03/01/	2018	2,061.92	
06/01/	2018	2,061.92	
09/01/	2018	2,061.92	
12/01/	2018	2,061.92	
03/01/	2019	2,061.92	
06/01/	2019	2,321.30	
09/01/	2019	2,321.30	
12/01/	2019	2,321.30	
03/01/	2020	2,321.30	
06/01/	2020	2,321.30	
09/01/	2020	2,321.30	
12/01/	2020	2,321.30	
03/01/	2021	2,321.30	
06/01/	2021	2,321.30	
09/01/	2021	2,321.30	
12/01/	2021	2,321.30	

03/01/	2022	2,321.30
06/01/	2022	2,321.30
09/01/	2022	2,321.30
12/01/	2022	2,321.30
03/01/	2023	2,321.30
06/01/	2023	2,321.30
09/01/	2023	2,321.30
12/01/	2023	2,321.30
03/01/	2024	2,321.30
06/01/	2024	2,321.30
09/01/	2024	2,321.30
12/01/	2024	2,321.30
03/01/	2025	2,321.30
06/01/	2025	2,321.30
09/01/	2025	2,321.30
12/01/	2025	2,321.30
03/01/	2026	2,321.30
06/01/	2026	2,321.30
09/01/	2026	2,321.30
12/01/	2026	2,321.30
03/01/	2027	2,321.30
06/01/	2027	2,321.30
09/01/	2027	2,321.30
12/01/	2027	2,321.30
03/01/	2028	2,321.30
06/01/	2028	2,321.30
09/01/	2028	2,321.30
12/01/	2028	2,321.30
03/01/	2029	2,321.30
06/01/	2029	2,321.30
09/01/	2029	2,321.30
12/01/	2029	6,365.63
03/01/	2030	8,387.79
06/01/	2030	8,387.79
09/01/	2030	8,387.79
12/01/	2030	8,387.79
03/01/	2031	8,387.79
06/01/	2031	8,387.79
09/01/	2031	8,387.79
12/01/	2031	8,387.79
03/01/	2032	8,387.79
06/01/	2032	8,387.79
09/01/	2032	8,387.79
12/01/	2032	8,387.79
03/01/	2033	8,387.79
06/01/	2033	8,387.79
09/01/	2033	8,387.79

12/01/	2033	8,387.79
03/01/	2034	8,387.79
06/01/	2034	8,387.79
09/01/	2034	8,387.79
12/01/	2034	8,387.79
03/01/	2035	8,387.79
06/01/	2035	8,387.79
09/01/	2035	8,387.79
12/01/	2035	8,387.79
03/01/	2036	8,387.79
06/01/	2036	8,387.79
09/01/	2036	8,387.79
12/01/	2036	8,387.79
03/01/	2037	8,387.79
06/01/	2037	8,387.79
09/01/	2037	8,387.79
12/01/	2037	8,386.92
		440,312.00

SCHEDULE Z

None.

116100.00003

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jeff Brady, PE
Executive Director

Jefferson.Brady@verizon.net

January 12, 2006

The Honorable Kenneth Tucker
Mayor, Town of Buffalo
P.O. Box 307
Buffalo, West Virginia 25033

RE: Town of Buffalo
IJDC Project: 97S-293
$636,203 Bond Anticipation Note
Closing Date: December 4, 1997

Dear Mayor Tucker:

The West Virginia Infrastructure and Jobs Development Council (the "Council"), at its January 11, 2006 meeting, reviewed the Town of Buffalo's (the "Town") Sewerage System Bond Anticipation Notes 1997 (the "BAN") issued by the Town to the West Virginia Water Development Authority on behalf of the Council. The BAN matured December 1, 2002 and is currently in default.

The Council voted to offer the Town a $250,000 Infrastructure Fund grant and the remainder as a loan as outlined on the attached Schedule A. The goal of this restructuring is to wrap the debt of this new loan around existing debt such that user rates are not affected. The annual debt service remains constant as shown in Exhibit I.

The Council will enter into a Loan agreement with the Town following receipt of the completed Schedule B, a final, non-appealable order from the Public Service Commission authorizing the borrowing and any other documents requested by the Council.

This commitment will expire on the earlier of (i) March 1, 2007 or (ii) upon the Town's written notification to the Infrastructure Council that the Town does not desire to obtain the Wrap Loan and Grant.

No statements or representations made before or after the issuance of this contingent commitment by any person or member of the Council shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Council.

If this commitment letter is acceptable to the Town, please execute two copies of this letter and return to the Council at the above stated address not later than **March 15, 2006.** If the Council does not receive this acknowledged commitment letter by March 15, 2006, the Council shall consider this offer rejected.

If the Town has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km
Attachments

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Council.

Town of Buffalo

By:_____

Its: _____

Date:_____

cc: John Stump, Steptoe & Johnson
Michael Griffith, CPA
Debbie Legg, WVDO
Samme Gee, Jackson Kelly

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Town of Buffalo
Sewer Project 97S-293
January 12, 2006

SCHEDULE A

Sewerage System BAN

A. Infrastructure Fund BAN closed December 4, 1997 — 2 — SERIES 1997 (WV Inf Fund)

1.	BAN Amount	$636,203
2.	Maturity Date	December 1, 2002
3.	Repayments	$0
4.	Remaining Balance	$636,203

B. Restructure Infrastructure Fund BAN

1. Total to be restructured:

BAN to be restructured	$636,203
Prefunding Reserves	34,543 (estimate)
Closing Costs	34,000 (estimate)
Total to be restructured	$704,746

2. Loan $454,746

a)	Maturity Date:	December 1, 2037
b)	Interest Rate:	0%
c)	Repayments:	Monthly to Municipal Bond Commission (commencing approximately June 1, 2009 with stepped debt service as attached Exhibit I)
d)	Reserve requirements:	One year's maximum annual debt service

2. Grant $250,000

Sewer Revenue Bonds, Series 1997 e (WV Inf Fund)

3. Existing Loan Restructured (1997 Series C)

a)	Loan Amount:	$600,000
b)	Current Interest Rate:	1%
c)	New Interest Rate:	0%
d)	Maturity:	December 1, 2037

EXHIBIT

DRAFT APPROXIMATE DEBT SERVICE SCHEDULE

	CWSRF LOAN 1997A	CWSRF admin fee	CWSRF reserve	IJDC loan 1997B	IJDC Reserve	IJDC loan 1997C Interest	WDA Loan 1990 (principal & interest (8.1%)) 1990A reserve	Loan 1990 B(principal & interest (0%)) reserve	Total Payments (existing debt)	New Loan to pay off $636,203 BAN (level debt service of $29,498 overall	Total new Debt
							converted yearly to quarterly	converted yearly to quarterly			
12/1 1997	closed 12/4/1997										
3/1 1998									0.00		
6/1 1998									0.00		
9/1 1998						reserve rolled over			0.00		
12/1 1998						from 1997A Bond	5,983.25	83.24	6,066.49		
3/1 1999							5,983.25	83.24	6,066.49		
6/1 1999	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	6,066.49		
9/1 1999	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 1999	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2000	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
6/1 2000	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2000	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 2000	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2001	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25 fully funded	83.24 fully funded	29,498.71		
6/1 2001	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2001	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 2001	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2002	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
6/1 2002	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2002	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 2002	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2003	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
6/1 2003	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2003	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 2003	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2004	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
6/1 2004	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2004	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 2004	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2005	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
6/1 2005	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2005	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
12/1 2005	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
3/1 2006	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
6/1 2006	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71		
9/1 2006	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
12/1 2006	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
3/1 2007	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
6/1 2007	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
9/1 2007	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
12/1 2007	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
3/1 2008	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
6/1 2008	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
9/1 2008	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
12/1 2008	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
3/1 2009	7,500.00	759.38	750.00	13,110.92	1,311.92		5,983.25	83.24	29,498.71	0.00	29,498.71
6/1 2009	7,500.00	759.38		13,110.92			5,983.25	83.24	29,498.71	0.00	29,498.71
9/1 2009	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2009	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2010	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2010	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2010	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2010	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2011	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2011	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2011	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2011	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2012	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2012	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2012	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2012	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2013	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2013	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2013	7,500.00	759.38		13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71

12/1 2013	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2014	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2014	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
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12/1 2014	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2015	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2015	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2015	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2015	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2016	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2016	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2016	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2016	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2017	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2017	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2017	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2017	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2018	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2018	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
9/1 2018	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
12/1 2018	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
3/1 2019	7,500.00	759.38	13,110.92			5,983.25	83.24	27,436.79	2,061.92	29,498.71
6/1 2019			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2019			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2019			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2020			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2020			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2020			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2020			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2021			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2021			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2021			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2021			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2022			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2022			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2022			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2022			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2023			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2023			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2023			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2023			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2024			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2024			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2024			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2024			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2025			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2025			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2025			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2025			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2026			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2026			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2026			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2026			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2027			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2027			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2027			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2027			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2028			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2028			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2028			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2028			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2029			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
6/1 2029			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
9/1 2029			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
12/1 2029			13,110.92	8,000.00	0.00	5,983.25	83.24	27,177.41	2,321.30	29,498.71
3/1 2030			13,110.92	8,000.00	0.00	1,994.42	27.75	23,133.08	6,365.63	29,498.71
6/1 2030			13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2030			13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2030			13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2031			13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2031			13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71

9/1 2031		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2031		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2032		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2032		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2032		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2032		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2033		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2033		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2033		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2033		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2034		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2034		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2034		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2034		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2035		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2035		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2035		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2035		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2036		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2036		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2036		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2036		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
3/1 2037		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
6/1 2037		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
9/1 2037		13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
12/1 2037	40 years from original closing	13,110.92	8,000.00	0.00			21,110.92	8,387.79	29,498.71
	600,000.00 60,750.40 30,000.00	2,032,192.60 52,476.80	600,000.00	0.00					
								454,746.64	

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 9th day of November, 2010, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The Town of Buffalo (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

On the 9th day of November, 2010, the Authority received the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $440,312, numbered AR-1 (the "Series 2010 A Bonds"), issued as a single, fully registered Bond.

At the time of such receipt the Series 2010 A Bonds had been executed by the Mayor and the Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2010 A Bonds, of $440,312, being the entire principal amount of the Series 2010 A Bonds.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

THE TOWN OF BUFFALO

By: _____
Its: Mayor

116100.00003

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 9th day of November, 2010.

(1) Bond No. AR-1, constituting the entire original issue of The Town of Buffalo Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), in the principal amount of $440,312 (the "Series 2010 A Bonds"), executed by the Mayor and the Clerk of The Town of Buffalo (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on August 2, 2010, and a Supplemental Resolution duly adopted by the Issuer on November 1, 2010 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Clerk of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2010 A Bonds, dated November 9, 2010, by and between the Issuer, the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2010 A Bonds.

You are hereby requested and authorized to deliver the Series 2010 A Bonds to the Authority upon payment to the Issuer of the sum of $440,312, representing the entire principal amount of the Series 2010 A Bonds. Prior to such delivery of the Series 2010 A Bonds, you will please cause the Series 2010 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE TOWN OF BUFFALO

By: _____
Its: Mayor

116100.00003

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $440,312

KNOW ALL MEN BY THESE PRESENTS: That on this the 9th day of November, 2010, The Town of Buffalo, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR HUNDRED FORTY THOUSAND THREE HUNDRED TWELVE DOLLARS ($440,312), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011 to and including December 1, 2037 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated November 9, 2010.

This Bond is issued (i) to pay a portion of the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"); (ii) to fund the Series 2010 A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State

of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 2, 2010, and a Supplemental Resolution duly adopted by the Issuer on November 1, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (THE "SERIES 1990 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 6, 1990, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $396,000 (THE "SERIES 1990 C BONDS"); (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 4, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 A BONDS"); (4) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,192 (THE "SERIES 1997 B BONDS"); AND (5) SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 C BONDS") (COLLECTIVELY THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1990 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 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 monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges

for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that, so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

[SEAL]

Mayor

ATTEST:

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: November 9, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 440,312	November 9, 2010	(21)	$	
(2)	$		(22)	$	
(3)	$		(23)	$	
(4)	$		(24)	$	
(5)	$		(25)	$	
(6)	$		(26)	$	
(7)	$		(27)	$	
(8)	$		(28)	$	
(9)	$		(29)	$	
(10)	$		(30)	$	
(11)	$		(31)	$	
(12)	$		(32)	$	
(13)	$		(33)	$	
(14)	$		(34)	$	
(15)	$		(35)	$	
(16)	$		(36)	$	
(17)	$		(37)	$	
(18)	$		(38)	$	
(19)	$		(39)	$	
(20)	$				

EXHIBIT B

DEBT SERVICE SCHEDULE

Town of Buffalo
Sewer Revenue Bonds, Series 2010
November 9, 2010

03/01/ 2011	2,061.92					
06/01/ 2011	2,061.92					
09/01/ 2011	2,061.92					
12/01/ 2011	2,061.92					
03/01/ 2012	2,061.92					
06/01/ 2012	2,061.92					
09/01/ 2012	2,061.92					
12/01/ 2012	2,061.92					
03/01/ 2013	2,061.92					
06/01/ 2013	2,061.92					
09/01/ 2013	2,061.92					
12/01/ 2013	2,061.92					
03/01/ 2014	2,061.92					
06/01/ 2014	2,061.92					
09/01/ 2014	2,061.92					
12/01/ 2014	2,061.92					
03/01/ 2015	2,061.92					
06/01/ 2015	2,061.92					
09/01/ 2015	2,061.92					
12/01/ 2015	2,061.92					
03/01/ 2016	2,061.92					
06/01/ 2016	2,061.92					
09/01/ 2016	2,061.92					
12/01/ 2016	2,061.92					
03/01/ 2017	2,061.92					
06/01/ 2017	2,061.92					
09/01/ 2017	2,061.92					
12/01/ 2017	2,061.92					
03/01/ 2018	2,061.92					
06/01/ 2018	2,061.92					
09/01/ 2018	2,061.92					
12/01/ 2018	2,061.92					
03/01/ 2019	2,061.92					
06/01/ 2019	2,321.30					
09/01/ 2019	2,321.30					
12/01/ 2019	2,321.30					
03/01/ 2020	2,321.30					
06/01/ 2020	2,321.30					
09/01/ 2020	2,321.30					
12/01/ 2020	2,321.30					
03/01/ 2021	2,321.30					
06/01/ 2021	2,321.30					
09/01/ 2021	2,321.30					

12/01/ 2021	2,321.30					
03/01/ 2022	2,321.30					
06/01/ 2022	2,321.30					
09/01/ 2022	2,321.30					
12/01/ 2022	2,321.30					
03/01/ 2023	2,321.30					
06/01/ 2023	2,321.30					
09/01/ 2023	2,321.30					
12/01/ 2023	2,321.30					
03/01/ 2024	2,321.30					
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03/01/ 2026	2,321.30					
06/01/ 2026	2,321.30					
09/01/ 2026	2,321.30					
12/01/ 2026	2,321.30					
03/01/ 2027	2,321.30					
06/01/ 2027	2,321.30					
09/01/ 2027	2,321.30					
12/01/ 2027	2,321.30					
03/01/ 2028	2,321.30					
06/01/ 2028	2,321.30					
09/01/ 2028	2,321.30					
12/01/ 2028	2,321.30					
03/01/ 2029	2,321.30					
06/01/ 2029	2,321.30					
09/01/ 2029	2,321.30					
12/01/ 2029	6,365.63					
03/01/ 2030	8,387.79					
06/01/ 2030	8,387.79					
09/01/ 2030	8,387.79					
12/01/ 2030	8,387.79					
03/01/ 2031	8,387.79					
06/01/ 2031	8,387.79					
09/01/ 2031	8,387.79					
12/01/ 2031	8,387.79					
03/01/ 2032	8,387.79					
06/01/ 2032	8,387.79					
09/01/ 2032	8,387.79					
12/01/ 2032	8,387.79					
03/01/ 2033	8,387.79					
06/01/ 2033	8,387.79					

09/01/ 2033	8,387.79					
12/01/ 2033	8,387.79					
03/01/ 2034	8,387.79					
06/01/ 2034	8,387.79					
09/01/ 2034	8,387.79					
12/01/ 2034	8,387.79					
03/01/ 2035	8,387.79					
06/01/ 2035	8,387.79					
09/01/ 2035	8,387.79					
12/01/ 2035	8,387.79					
03/01/ 2036	8,387.79					
06/01/ 2036	8,387.79					
09/01/ 2036	8,387.79					
12/01/ 2036	8,387.79					
03/01/ 2037	8,387.79					
06/01/ 2037	8,387.79					
09/01/ 2037	8,387.79					
12/01/ 2037	8,386.92					
	440,312.00					

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1997 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

AMENDED

No. CR-1 $600,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 9th day of November, 2010, THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SIX HUNDRED THOUSAND DOLLARS ($600,000), as has been advanced to the Issuer hereunder as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2019 to and including December 1, 2037 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 4, 1997.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on

December 1, 1997, a First Supplemental Resolution duly adopted by the Issuer December 1, 1997, a Second Supplemental Resolution duly adopted by the Issuer on December 1, 1997 and a Third Supplemental Resolution duly adopted by the Issuer on November 1, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (2) SEWER REVENUE BONDS, SERIES 1990 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"), (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 A BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,192 (THE "SERIES 1997 B BONDS"). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, the Series 1997 A Bonds and the Series 1997 B Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 C Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest thereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the

maximum amount payable in any year for principal of and interest, if any, on the Series 1997 C Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 1997 C Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds, and the Series 1997 B Bonds; provided however, that so long as there exists in the Series 1997 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with, or subordinate to, the Series 1997 C Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds and the Series 1997 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

aside into said special fund by the Issuer for the prompt payment of the principal of and interest, if any, on this Bond.

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: November 9, 2010

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date
1.	30,000.00	12/04/1997
2.	301,643.00	04/14/1998
3.	268,357.00	05/15/1998
4.	_____	_____
	600,000.00	Final

EXHIBIT B

QUARTERLY DEBT SERVICE SCHEDULE
THE TOWN OF BUFFALO
$600,000
Infrastructure Fund Loan
Amended Debt Service Schedule

Term (Yrs.): 40
Loan Rate: 0.00%
First Payment: June 1, 2019
Final Payment: December 1, 2037

Payment Date	#	Principal	Fee	Total
6/1/19	1	$8,000	0	$8,000
9/1/19	2	8,000	0	8,000
12/1/19	3	8,000	0	8,000
3/1/20	4	8,000	0	8,000
6/1/20	5	8,000	0	8,000
9/1/20	6	8,000	0	8,000
12/1/20	7	8,000	0	8,000
3/1/21	8	8,000	0	8,000
6/1/21	9	8,000	0	8,000
9/1/21	10	8,000	0	8,000
12/1/21	11	8,000	0	8,000
3/1/22	12	8,000	0	8,000
6/1/22	13	8,000	0	8,000
9/1/22	14	8,000	0	8,000
12/1/22	15	8,000	0	8,000
3/1/23	16	8,000	0	8,000
6/1/23	17	8,000	0	8,000
9/1/23	18	8,000	0	8,000
12/1/23	19	8,000	0	8,000
3/1/24	20	8,000	0	8,000
6/1/24	21	8,000	0	8,000
9/1/24	22	8,000	0	8,000
12/1/24	23	8,000	0	8,000
3/1/25	24	8,000	0	8,000
6/1/25	25	8,000	0	8,000
9/1/25	26	8,000	0	8,000

12/1/25	27	8,000	0	8,000
3/1/26	28	8,000	0	8,000
6/1/26	29	8,000	0	8,000
9/1/26	30	8,000	0	8,000
12/1/26	31	8,000	0	8,000
3/1/27	32	8,000	0	8,000
6/1/27	33	8,000	0	8,000
9/1/27	34	8,000	0	8,000
12/1/27	35	8,000	0	8,000
3/1/28	36	8,000	0	8,000
6/1/28	37	8,000	0	8,000
9/1/28	38	8,000	0	8,000
12/1/28	39	8,000	0	8,000
3/1/29	40	8,000	0	8,000
6/1/29	41	8,000	0	8,000
9/1/29	42	8,000	0	8,000
12/1/29	43	8,000	0	8,000
3/1/30	44	8,000	0	8,000
6/1/30	45	8,000	0	8,000
9/1/30	46	8,000	0	8,000
12/1/30	47	8,000	0	8,000
3/1/31	48	8,000	0	8,000
6/1/31	49	8,000	0	8,000
9/1/31	50	8,000	0	8,000
12/1/31	51	8,000	0	8,000
3/1/32	52	8,000	0	8,000
6/1/32	53	8,000	0	8,000
9/1/32	54	8,000	0	8,000
12/1/32	55	8,000	0	8,000
3/1/33	56	8,000	0	8,000
6/1/33	57	8,000	0	8,000
9/1/33	58	8,000	0	8,000
12/1/33	59	8,000	0	8,000
3/1/34	60	8,000	0	8,000
6/1/34	61	8,000	0	8,000
9/1/34	62	8,000	0	8,000
12/1/34	63	8,000	0	8,000
3/1/35	64	8,000	0	8,000
6/1/35	65	8,000	0	8,000
9/1/35	66	8,000	0	8,000
12/1/35	67	8,000	0	8,000
3/1/36	68	8,000	0	8,000

6/1/36	69	8,000	0	8,000
9/1/36	70	8,000	0	8,000
12/1/36	71	8,000	0	8,000
3/1/37	72	8,000	0	8,000
6/1/37	73	8,000	0	8,000
9/1/37	74	8,000	0	8,000
12/1/37	75	8,000	0	8,000
		$600,000	$0	$600,000

(Form of)

ASSIGNMENT

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

Dated: _____, 20_____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

November 9, 2010

The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

The Town of Buffalo
Buffalo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Town of Buffalo (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $440,312 Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2010 A Bonds" or the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated November 9, 2010, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal to the Authority, bearing no interest, and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011 to and including December 1, 2037 all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2010 A Bonds.

The Series 2010 A 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) partially paying the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original principal amount of $636,203 (the "Prior Notes"); (ii) funding the Series 2010 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 2, 2010, as supplemented by a Supplemental Resolution duly

adopted by the Issuer on November 1, 2010 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Series 2010 A Bonds are authorized and issued, and the Loan Agreement has been entered into. The Series 2010 A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to pay the Prior Notes, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Series 2010 A Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Series 2010 A Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2010 A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's (i) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168; (ii) Sewer Revenue Bonds, Series 1990 C (United States Department of Agriculture), dated September 6, 1990, issued in the original aggregate principal amount of $396,000; (iii) Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000; (iv) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192; and (v) Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000, and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652, all in accordance with the terms of the Series 2010 A Bonds and the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

6. The Series 2010 A Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Series 2010 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Series 2010 A Bonds and the enforceability of the Series 2010 A Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

116100.00003

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Charleston, WV 25326-1588
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www.steptoe-johnson.com

Writer's Contact Information

November 9, 2010

The Town of Buffalo
Sewer Revenue Bonds, Series 1997 C
(West Virginia Infrastructure Fund)

The Town of Buffalo
Buffalo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the amendment by The Town of Buffalo (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $600,000 Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated the date hereof (the "Series 1997 C Bonds" or the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the Bonds, which were purchased by the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"). The Bonds were originally issued with a Council Administrative Fee equal to 1% of the principal amount of the Series 1997 C Bonds.

The Series 1997 C Bonds are amended under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of waiving the Council Administrative Fee.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on December 1, 1997, as supplemented by a First Supplemental Resolution duly adopted by the Issuer on December 1, 1997, a Second Supplemental Resolution duly adopted by the Issuer on December 1, 1997 and a Third Supplemental Resolution duly adopted by the Issuer on November 1, 2010 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the amendment of Series 1997 C Bonds are authorized and amended.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to amend the Series 1997 C Bonds, to operate and maintain the System, to enact the Bond Legislation and to amend the Series 1997 C Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the amendment of the Series 1997 C Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms.

3. The amendment to the Series 1997 C Bonds has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is valid, legally enforceable and binding special obligation of the Issuer.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

116100.00003

PEYTON

LAW FIRM, PLLC

November 9, 2010

The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

The Town of Buffalo
Buffalo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I serve as the Town Attorney for The Town of Buffalo in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC as bond counsel, a loan agreement for the Series 2010 A Bonds dated November 10, 2010, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on August 2, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 9, 2010 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board of the Issuer, and other documents relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

In am of the opinion that:

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

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

4. The Issuer has duly enacted the ordinances prescribing the rates and charges of the System.

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

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

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

Very truly yours,

HARVEY PEYTON

116100.00003

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS OF WAY
8. MEETINGS, ETC.
9. RESERVED
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. SPECIMEN BONDS
16. CONFLICT OF INTEREST
17. RESERVED
18. SCHEDULE B
19. EXECUTION OF COUNTERPARTS

On this 9th day of November, 2010, we, the undersigned MAYOR and CLERK of The Town of Buffalo in Putnam County, West Virginia (the "Issuer"), and the undersigned Town ATTORNEY hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted August 2, 2010, and the Supplemental Resolution duly adopted November 1, 2010 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2010 A Bonds, the payment of the Prior Notes, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Series 2010 A Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2010 A Bonds, the pledge or application of the Net Revenues or any other moneys or

security provided for the payment of the Series 2010 A Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2010 A Bonds, the payment of the Prior Notes, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Series 2010 A Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the payment of the Prior Notes, the operation of the System and the issuance of the Series 2010 A Bonds have been obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement.

The Series 1997 C Bonds are amended to waive the administrative fee concurrent with the issuance of the Series 2010 A Bonds.

The Issuer has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168 (the "Series 1990 A Bonds"); (ii) Sewer Revenue Bonds, Series 1990 C (United States Department of Agriculture), dated September 6, 1990, issued in the aggregate principal amount of $396,000 (the "Series 1990 C Bonds"); (iii) Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000 (the "Series 1997 A Bonds"); (iv) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192 (the "Series 1997 B Bonds"); and (v) Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000 (the "Series 1997 C Bonds") (collectively, the "First Lien Bonds") and Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652 (the "Series 1990 B Bonds" and, collectively with the First Lien Bonds, the "Prior Bonds").

The Series 2010 A Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Series 1990 B Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Bonds are met; (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with the Prior Bonds; and (iii) the written consent of the Holders of the Series 1990 B Bonds to the issuance of the Series 2010 A Bonds senior and prior to the Series 1990 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the

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

Bond Ordinance

Supplemental Resolution on Series 2010 A Bonds

Third Supplemental Resolution for Series 1997 C Bonds

Loan Agreement for Series 2010 A Bonds

Public Service Commission Order

Infrastructure Council Approval

Town Charter, with Amendments

Oaths of Office of Officers and Council members

Ordinance Creating Sanitary Board and Oaths of Office of Boardmembers and Petition of Sanitary Board

Sewer Rate Ordinance

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance

Minutes on Adoption and Enactment of Bond Ordinance, Supplemental Resolution, First Draw Resolution and Sweep Resolution

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

NPDES Permit

Prior Bond Ordinances

Evidence of Insurance

Consent of United States Department of Agriculture

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

Name	Date of Commencement of Office	Date of Termination of Office
Kenny Tucker, Mayor	07/01/2009	6/30/2011
Linda Whittington, Clerk	07/01/2009	6/30/2011
John Errete, Councilmember	07/01/2009	6/30/2011
Leah Higginbotham, Councilmember	07/01/2009	6/30/2011
Ronnie Harris, Councilmember	07/01/2009	6/30/2011
Barbara Reed, Councilmember	07/01/2009	6/30/2011
Joe Martin, Councilmember	07/01/2009	6/30/2011

The duly elected or appointed officers of the Sanitary Board for 2010 are as follows:

Name
Kenny Tucker
Larry Joe Tolley
Dewey Fisher

The duly appointed and acting Town Attorney is Harvey Peyton, Nitro, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2010 A Bonds and the payment of the Prior Notes, operation and financing of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. RESERVED

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

11. RATES: The Issuer has duly enacted a sewer rate ordinance on May 18, 2009, setting rates and charges of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2010 A Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Clerk did officially cause the official seal of the Issuer to be affixed upon said Series 2010 A Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Series 2010 Bonds to a representative of the Authority as the original purchaser of the Series 2010 Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $440,312 from the Authority and the Council, being the entire principal amount of the Series 2010 A Bonds, there being no interest accrued thereon.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to

contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Putnam Democrat, a qualified newspaper published in The Town of Buffalo, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2010 A Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 2nd day of August, 2010, at 7:00 p.m., at The Town of Buffalo, Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Series 2010 A Bond.

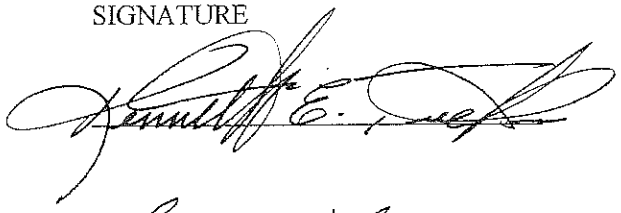
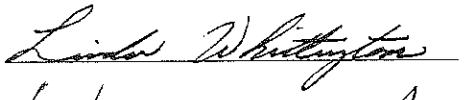
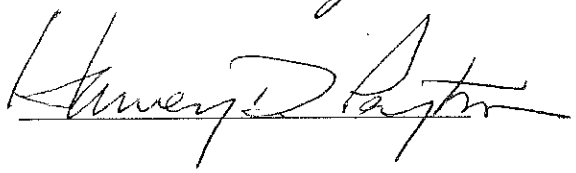
16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2010 A Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. SCHEDULE B: The net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefore, are sufficient to pay the costs of the payment of the Prior Notes as approved by the Council and attached hereto as Exhibit A is the final amended "Schedule B – Estimated Total Cost of Project, Sources of Funds and Cost of Financing".

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

WITNESS our signatures and the official seal of THE TOWN OF BUFFALO as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Clerk
	Town Attorney

116100.00003

EXHIBIT A

Schedule B

Town of Buffalo
97S-293
Schedule B

A. COST OF PROJECT	TOTAL	Toyota	IJDC Grant	IJDC Loan
1 Payoff 1997 BAN	636,203.00	0.00	250,000.00	386,203.00
2 MBC Fees for Payc	1,654.13	0.00	0.00	1,654.13
3 Legal (Peyton)	7,959.69	7,959.69	0.00	0.00
4 Accounting (Griffith)	10,376.22	6,473.35	0.00	3,902.87
5 Total of Lines 1 through 4	656,193.04	14,433.04	250,000.00	391,760.00
B. COST OF FINANCING				
6 Registrar 2010 A	500.00	0.00	0.00	500.00
7 Registrar 1997 C	500.00	0.00	0.00	500.00
8 Reserve 2010 A	33,552.00	0.00	0.00	33,552.00
9 Bond Counsel	14,000.00	0.00	0.00	14,000.00
10 Total Cost of Financing (lines 6 through 9)	48,552.00	0.00	0.00	48,552.00
11 TOTAL PROJECT COST (line 6 plus line 11)	704,745.04	14,433.04	250,000.00	440,312.00
C. SOURCES OF FUNDS				
12 Local Source (Toyota)	14,433.04	14,433.04	0.00	0.00
13 State/Other Grants	250,000.00	0.00	250,000.00	0.00
14 TOTAL GRANTS	264,433.04	14,433.04	250,000.00	0.00
15 Size of Bond Issue (line 11 minus line 14)	440,312.00	0.00	0.00	440,312.00

Town of Buffalo

Nov. 9, 2010
Date

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The Town of Buffalo in Putnam County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $440,312 Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, dated November 9, 2010 (the "Bonds" or the "Series 2010 A Bonds"), hereby certifies this 9th day of November, 2010 as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on August 2, 2010, as supplemented by Supplemental Resolution adopted by the Issuer on November 1, 2010 (collectively, the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on November 9, 2010, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2010 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2010 A Bonds were sold on November 9, 2010, to the Authority, pursuant to a loan agreement dated November 9, 2010, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $440,312 (100% of par), at which time, the Issuer received $440,312 from the Authority and the Council, being the entire principal amount of the Series 2010 A Bonds. No accrued interest has been or will be paid on the Series 2010 A Bonds.

6. The Series 2010 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) partially paying the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) dated December 4, 1997, issued in the original aggregate principal amount of $636,203 (the "Prior Notes"); (ii) funding the Series 2010 A Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds, constituting a substantial binding commitment. The paying of the Prior Notes shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2010 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before the date hereof.

8. The total cost of paying the Prior Notes, a portion of which is financed from the proceeds of the Bonds (including all costs of issuance of the Bonds), is estimated at $704,746. Sources and uses of funds are as follows:

SOURCES	
Proceeds of the Series 2010 A Bonds	$440,312.00
WV Infrastructure Council Grant	$250,000.00
Toyota	14,433.04
Total Sources	$704,745.04
USES	
Paying the Prior Notes	$636,203.00
Funding the Series 2010 A Bonds Reserve Account	$33,522.00
Legal/accounting costs	20,520.04
Costs of Issuance	$14,500.00
Total Uses	$704,745.04

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2010 A Bonds:

(1) Revenue Fund (established by Prior Ordinance);

(2) Renewal and Replacement Fund (established by Prior Ordinance);

(3) Series 2010 A Bonds Trust Fund;

(4) Series 2010 A Bonds Sinking Fund; and

(5) Series 2010 A Bonds Reserve Account.

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

(1) Series 2010 A Bonds proceeds in the amount of $33,522 will be deposited in the Series 2010 A Bonds Reserve Account.

(2) The balance of the proceeds of the Series 2010 A Bonds will be deposited in the Series 2010 A Bonds Trust Fund applied solely to payment of the costs of paying the Prior Notes, including costs of issuance of the Series 2010 A Bonds and related costs.

11. Monies held in the Series 2010 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2010 A Bonds. All investment earnings on monies in the Series 2010 A Bonds Sinking Fund and Series 2010 A Bonds Reserve Account will be withdrawn therefrom and deposited not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Payment of the Prior Notes is expected to be completed on the date hereof.

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

14. With the exception of the amount deposited in the Series 2010 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the paying of the Prior Notes and the costs of issuance thereof on the date of issuance thereof.

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

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

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

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

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

20. The Issuer shall use the Bond proceeds solely for the costs of paying the Prior Notes, and the System will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2010 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2010 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2010 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2010 A Bonds Reserve Account and the Series 2010 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of paying the Prior Notes.

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

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

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

WITNESS our signatures on the day and year first written above.

THE TOWN OF BUFFALO

By: _____
Its: Mayor

116100.00003

November 9, 2010

The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

The Town of Buffalo
Buffalo, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Sewer Rate Ordinance dated May 18, 2009, the projected operating expenses and the anticipated customer usage as furnished to us by The Town of Buffalo (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all operating expenses of the System and (i) will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) in the aggregate principal amount of $440,312 (the "Bonds") and the Prior Bonds, as hereinafter defined, and sufficient to make the payments required into all funds and accounts and all necessary expenses of operating and maintaining the System during such Fiscal Year; and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System, including the Issuer's (i) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168; (ii) Sewer Revenue Bonds, Series 1990 C (United States Department of Agriculture), dated September 6, 1990, issued in the original aggregate principal amount of $396,000; (iii) Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000; (iv) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192; (v) Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000; and (vi) Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652 (the "Prior Bonds").

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

Very truly yours,

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

MDG/dk

Michael D. Griffith, CPA, AFI
mgriffith@gcorpwv.com
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

CHAPTER 171 AN ACT TO INCORPORATE THE TOWN OF BUFFALO, IN THE COUNTY OF PUTNAM

Passed March 5, 1868

BE IT ENACTED BY THE LEGISLATURE OF WEST VIRGINIA:

1. The corporate limits and boundaries of the Town of Buffalo, Putnam County, West Virginia, shall be as follows: Beginning at the mouth of Cross Creek; thence, up the meanders of said Creek to the farm line of George E. Allen; thence, along said line to the Kanawha river; thence, down the Kanawha river to the place of beginning;

2. The municipal authorities of said Town shall be a mayor, a recorder and five councilmen, who together shall form a common council;

3. The mayor, recorder and councilmen, so soon as they have been elected and qualified, as hereinafter provided, shall be a body politic and corporate by the name of "The Town of Buffalo", and shall have perpetual succession and a common seal; and by that name may sue and be sued, implead and be impleaded; may purchase and hold real estate necessary to enable them the better to discharge their duties, and needful for the good order, government and welfare of said town;

4. All the corporate powers of said corporation shall be exercised by said council, or under their authority, except where otherwise provided;

5. There shall be a town sergeant, a treasurer and commissioner of the revenue appointed by the council, to continue in office at the pleasure, and perform the duties respectively, as hereinafter prescribed, or as may be required by the council;

6. The duties of the office of recorder, treasurer and commissioner of the revenue may be discharged by the same person, or otherwise, as the commissioner may from time to time determine;

7. The mayor, recorder and councilmen shall be elected by the

voters of said town, who may be entitled to vote under this act, [illegible] (except when elected to fill vacancies) for the term of one year [illegible] until their successors shall have been qualified and shall be freeholders and residents of said town and entitled to vote for members of the common council;

8. The first election under this act shall be held on the third Saturday in March, eighteen hundred and sixty-eight, at the academy in said town, under the supervision of a justice of Buffalo township and annually thereafter there shall be an election on the [illegible] in each year, at such place and under such supervision, rules and regulations as the council of said town may prescribe. The person conducting the first election shall grant certificates to the persons elected which shall be entered upon the records with the ordinances of said council and their term of office shall commence on the first day of April after next election;

9. All persons, residents of said township, and entitled to [illegible] for county and township officers, shall be entitled to vote [illegible] mayor, recorder and councilmen;

10. The terms of office, powers, duties, compensation and liabilities of the council and officers of said town shall be those prescribed in Sections ten to twenty-eight, inclusive, of Chapter 59 of the Acts of 1866. Provided, that grounds included in this Charter, not laid off in town lots, shall not be taxed for incorporate purposes.

TOWN OF BUFFALO

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Buffalo does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Clerk at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Clerk not less than 3 business days before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Clerk at the front door or bulletin board of the Town Hall not less than two business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 1st day of November, 2010.

Mayor

Clerk

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Adopted this 1st day of November, 2010.

Mayor

Clerk

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These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 1st day of November, 2010.

Mayor

Clerk

RESOLUTION

At a regular meeting of the Town Council of the Town of Buffalo, Putnam County, West Virginia, held at the Town Hall at 7:00 p.m. on November 1, 2010, with a quorum of council being present and voting;

WHEREAS, Gaye Hudson is the duly elected and serving town recorder for the Town of Buffalo; and

WHEREAS, Gaye Hudson is temporarily incapable of performing her duties as town recorder because of current ill health; and

WHEREAS, in accordance with the power vested in it, the Town Council desires to name the town clerk, Linda Whittington, as acting town recorder to serve in place and instead of Gaye Hudson until Gaye Hudson's health is restored and she can return to her duties.

NOW, THEREFORE, BE IT RESOLVED that because of the temporary inability of Gaye Hudson to perform her duties as town recorder due to ill health, Linda Whittington is hereby appointed as acting town recorder for the Town of Buffalo, Putnam County, West Virginia, to serve in that capacity until Gaye Hudson is restored to her health and retakes her duties or until further action by the Council, whichever comes first.

IT IS FURTHER RESOLVED that Linda Whittington execute the attached oath for her service as acting recorder.

Adopted this 1st day of November, 2010.

KENNETH E. TUCKER, MAYOR

STATE OF WEST VIRGINIA

COUNTY OF PUTNAM

TOWN OF BUFFALO

I, the undersigned acting recorder of THE TOWN OF BUFFALO, WEST VIRGINIA, do hereby swear that I will uphold the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office to the best of my skill and judgment, so help me God.

Linda Whittington, Acting Recorder

Taken and subscribed and sworn before me this 1st day of November, 2010, in Buffalo, Putnam County, West Virginia.

Kenneth E. Tucker, Mayor

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849

STATE OF WEST VIRGINIA
COUNTY OF PUTNAM
Town of Buffalo

I, the undersigned elected, MAYOR OF THE TOWN OF BUFFALO, WEST VIRGIIA, do hereby solemnly swear that I will uphold the Constitution of the United States of American, and Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office to the best of my skill and judgement, so help me God.

Mayor

Taken and subscribed and sworn before me this _____ day of June, 2009 in Buffalo, Putnam County, West Virginia

Recorder

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

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BUFFALO ACADEMY

ERECTED 1849

STATE OF WEST VIRGINIA
COUNTY OF PUTNAM
TOWN OF BUFFALO

I, the undersigned elected recorder of THE TOWN OF BUFFALO, WEST VIRGINIA, do hereby swear that I will uphold the constitution of the United States of America, and the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my Office to the best of my skill and judgement, so help me God.

Recorder

Taken and subscribed and sworn before me ths 30th day of June 2009, In Buffalo, Putnam County, West Virginia.

Mayor

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
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ERECTED 1849

STATE OF WEST VIRGINIA
COUNTY OF PUTNAM
TOWN OF BUFFALO

We, the undersigned elected MEMBERS OF THE COUNCIL OF THE TOWN OF BUFFALO, WEST VIRGINIA, do hereby solemnly swear that we will uphold the Constitution of the United States of America, and Constitution of the State of West Virginia, and that we will faithfully discharge the duties of our offices to the best of our skill and judgement, so help us God.

Leah Higginbotham

John Errett

Barbara Reed

Ronnie Harris

Joseph Martin

Taken and subscribed and sworn before me this 30th day of June, 2009, in Buffal, Putnam County

June 2009

TOWN OF BUFFALO

ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF BUFFALO

WHEREAS, the Town of Buffalo now contemplates the issuance of its Sewer Revenue Bonds to finance the acquisition, construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the 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 BUFFALO AS FOLLOWS:

Section 1. That the Council of the Town of Buffalo 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 Buffalo, and two persons appointed by the Council, one of whom, during the period of construction of the System or any additions thereto 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 2 and 3 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 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least 1 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 $2,000 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 city 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.

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 city 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 $1,000 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: May 1, 1989

Enacted on Second Reading: June 5, 1989

09/04/90
11610/88001
BUFFALOJ.H2

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

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BUFFALO ACADEMY

ERECTED 1849

Town of Buffalo Sanitary Board Members

Kenneth Tucker
Larry Joe Tolley
Dewey Fisher

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

PETITION OF SANITARY BOARD

The Sanitary Board of The Town of Buffalo (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that Sewer Revenue Bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $454,746 for the purposes of paying a portion of the costs of paying the Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund),and paying the costs of issuance and related costs.

SANITARY BOARD OF THE TOWN OF BUFFALO

By: _____
Its: Chairman

05.27.10
116100.00003

TOWN OF BUFFALO

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF BUFFALO.

THE COUNCIL OF THE TOWN OF BUFFALO HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial users and customers of the Town of Buffalo's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

I. *Rules and Regulations for the Government of Sewer Utilities*, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SECTION 1 – TARIFF

SCHEDULE NO. 1-A
(Effective 45 Days From Enactment)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000	gallons used per month	$10.00	per 1,000 gallons
Next	3,000	gallons used per month	$7.00	per 1,000 gallons
Next	45,000	gallons used per month	$5.00	per 1,000 gallons
All Over	50,000	gallons used per month	$3.00	per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)

Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $20.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $37.50 per month

SCHEDULE NO. 1-B
(Effective December 1, 2009)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000	gallons used per month	$10.50 per 1,000 gallons
Next	3,000	gallons used per month	$7.35 per 1,000 gallons
Next	45,000	gallons used per month	$5.25 per 1,000 gallons
All Over	50,000	gallons used per month	$3.15 per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)

Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $21.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $39.38 per month

SCHEDULE NO. 1-C
(Effective May 1, 2010)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000	gallons used per month	$11.00 per 1,000 gallons
Next	3,000	gallons used per month	$7.70 per 1,000 gallons
Next	45,000	gallons used per month	$5.50 per 1,000 gallons
All Over	50,000	gallons used per month	$3.30 per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)

Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $22.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)

Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $41.25 per month

SEWER RATES COMMON TO SCHEDULE NOS. 1-A, 1-B AND 1-C
(Effective 45 Days From Enactment)

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SEWER SERVICE CONNECTION CHARGE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00, or the actual cost of the construction (solely determined by the Utility), which ever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE $25.00

A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE

Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of $25.00 have been paid.

There shall be a $25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that Utility staff or agents collect money at the customer's residence in order to stop disconnection, an administrative fee of $25.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS

An amount not to exceed $5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical usage. The Utility shall establish a nondiscriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE NO. 2
(Effective 45 Days From Enactment)

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SANITARY SEWER SYSTEM

Where the Utility has discovered that a customer's roof drain, downspouts, storm sewer, or other similar facilities conducting surface water has been connected to the Utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the Utility, in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S	-	The surcharge in dollars.
A	-	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R	-	The measured monthly rainfall, in inches.
.0006233	-	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C	-	the Utility's approved rate per thousand gallons of metered water usage.

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE NO. 3
(Effective 45 Days From Enactment)

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci	=	Charge to unusual users per year.
Vo	=	Average unit cost of transport and treatment chargeable to volume, in dollars per gallon.
Vi	=	Volume of wastewater from unusual users in gallons per year.
Bo	=	Average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound.
Bi	=	Weight of BOD from unusual users in pounds per year.
So	=	Average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound.
Si	=	Weight of total solids from unusual users in pounds per year.

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the owner's expense. Waste containing materials which, in the judgment of the Utility, should not be introduced into the sewer system, need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage service will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Utility, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE NO. 4
(Effective 45 Days From Enactment)

APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SCHEDULE NO. 5
(Effective 45 Days From Enactment)

APPLICABILITY

Applicable within the entire territory served.

AVAILABLITTY OF SERVICE

Available for wastewater and leachate haulers.

RATES

Commodity Charge – Each customer shall pay a commodity charge of $40.00 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity and/or Commodity amounts shall be determined, or verified solely, by the Utility.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once where it is appropriate.

RETURNED CHECK CHARGE

A service charge of $25.00 will be imposed upon any customer whose check for payment for charges is returned by the bank for any reasons.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein for Schedule Nos. 1-A, 2, 3, 4, 5 and Sewer Rates Common to Schedules Nos. 1-A, 1-B and 1-C shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia. The rates, charges and penalties provided herein for Schedule No. 1-B shall become effective on December 1, 2009, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia. The rates, charges and penalties provided herein for Schedule 1-C shall become effective on May 1, 2010, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the *The Hurricane Breeze* and *The Putnam Democrat*, qualified newspapers of general circulation in the Town of Buffalo, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, May 18, 2009, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Buffalo, West Virginia.

First Reading: May 4, 2009

Second Reading
and Public Hearing: May 18, 2009

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GAYE Y. HUDSON
RR 1, BOX 430 PICKENS AVE.
BUFFALO, WV 25033
My commission expires July 8, 2013

TOWN OF BUFFALO, a municipal corporation

Mayor: _____

Recorder: _____

04.27.09
116100.00003

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

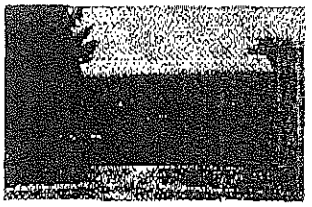
Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849



TO: Katy Mallory, Steptoe & Johnson, PLLC

DATE: October 29, 2010

Please find to follow the documents requested on your letter to Mr. Peyton dated October 27, 2010

1. Minutes from 5/4/2009, 5/18/2009, 6/7/2010, 7/19/2010, 8/2/2010
2. Oaths of Mayor, recorder and council members
3. Names of Sanitary Board
4. Bank account information

cc: Harvey Peyton

10 pages to follow

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849

Council Meeting
May 4, 2009

Meeting called to order at 7:00 P.M. by Mayor.

Salute to flag.

Barbara Reed made motion to accept minutes as mailed. Leah Higginbotham seconded. Motion carried.

Jay Errett made motion to do away with 505.03. Barbara Reed seconded. Motion carried.

1st Reading of Ordinance for rate increase. Jay Errett made motion to approve as read. Leah Higginbotham seconded. Motion carried.

Adjournment: 9:00 P.M.

Present: per attachment

Mayor

Hayley Hudson
Recorder

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849

May 18, 2009

Council Meeting

Meeting called to order at 7:00 P.M. by Mayor.

Salute to flag.

Leah Higginbotham made motion to approve minutes as mailed. Barbara Reed seconded. Motion carried.

Ronnie Harris made motion to adopt 2nd Reading of Sewer Ordinance. Leah Higginbotham seconded. Motion carried.

Leah Higginbotham made motion to pay bills. Joey Martin seconded Motion carried.

Jay Errett made motion to adjourned at 8:00 P.M.

Present: Leah Higginbotham, Barbara Reed, Joey Martin, Jay Errett, Ronnie Harris, Carl McNeal, Jeff and April Setser

Mayor

Recorder

LEGAL ADVERTISEMENT LEGAL ADVERTISEMENT

NOTICE OF PUBLIC HEARING ON
TOWN OF BUFFALO SEWER RATE ORDINANCE

A public hearing will be held on May 18, 2009, at 7:00 p.m., prevailing time, on the following ordinance which was introduced on May 4, 2009. Any person interested may appear before the Town Council of the Town of Buffalo at the Town Hall, Buffalo, West Virginia, and present any comment or protest thereto. Following which hearing Council shall take such action as it shall deem proper.

* * * * *

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF BUFFALO

THE COUNCIL OF THE TOWN OF BUFFALO HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial users and customers of the Town of Buffalo's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

I. *Rules and Regulations for the Government of Sewer Utilities*, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SECTION 1-TARIFF

SCHEDULE NO. 1-A
(Effective 45 Days From Enactment)

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000 gallons used per month	$10.00 per 1,000 gallons
Next	3,000 gallons used per month	$7.00 per 1,000 gallons
Next	45,000 gallons used per month	$5.00 per 1,000 gallons
All Over	50,000 gallons used per month	$3.00 per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $20.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $37.50 per month

SCHEDULE NO. 1-B
(Effective December 1, 2009)

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000 gallons used per month	$10.50 per 1,000 gallons
Next	3,000 gallons used per month	$7.35 per 1,000 gallons
Next	45,000 gallons used per month	$5.25 per 1,000 gallons
All Over	50,000 gallons used per month	$3.15 per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $21.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $39.38 per month

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000 gallons used per month	$11.00 per 1,000 gallons
Next	3,000 gallons used per month	$7.70 per 1,000 gallons
Next	45,000 gallons used per month	$5.50 per 1,000 gallons
All Over	50,000 gallons used per month	$3.30 per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $22.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $41.25 per month

SEWER RATES COMMON TO SCHEDULE NOS. 1-A, 1-B AND 1-C
(Effective 45 Days From Enactment)

DELAYED PAYMENT PENALTY
The above schedule is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SEWER SERVICE CONNECTION CHARGE
The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00, or the actual cost of the construction (solely determined by the Utility), which ever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE $25.00
A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE
Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of $25.00 have been paid.

There shall be a $25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that Utility staffer agents collect money at the customer's residence in order to stop disconnection, an administrative fee of $25.00 shall be paid in addition to other charges to
prevent disconnection.

INCREMENTAL COSTS
An amount not to exceed $5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical usage. The Utility shall establish a nondiscriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS
A service charge will be imposed on EFT, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE NO. 2
(Effective 45 Days From Enactment)

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SANITARY SEWER SYSTEM

Where the Utility has discovered that a customer's roofdrain, downspouts, storm sewer, or other similar facilities conducting surface water has been connected to the Utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the Utility, in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars.

R - The measured monthly rainfall in inches.

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.

C - the Utility's approved rate per thousand gallons ofmetered water usage.

The Utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE NO. 3
(Effective 45 Days From Enactment)

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci = Charge to unusual users per year.

Vo = Average unit cost of transport and treatment chargeable to volume, in dollars per gallon.

Vi = Volume ofwastewater from unusual users in gallons per year

Bo = Average unit cost of treatment chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound.

Bi = Weight of BOD from unusual users in pounds per year.

So = Average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound.

Si = Weight of total solids from unusual users in pounds per year.

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof will be made at the owner's expense. Waste containing materials which, in the judgment of the Utility, should not be introduced into the sewer system, need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage service will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Utility, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE NO. 4
(Effective 45 Days From Enactment)

APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day,

SCHEDULE NO. 5
(Effective 45 Days From Enactment)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

RATES

Commodity Charge - Each customer shall pay a commodity charge of $40.00 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity and/or Commodity amounts shall be determined, or verified solely, by the Utility.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once where it is appropriate.

RETURNED CHECK CHARGE

A service charge of $25.00 will be imposed upon any customer whose check for payment for charges is returned by the bank for any reasons.

SECTION 2 - TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein for Schedule Nos. 1-A, 2, 3, 4, 5 and Sewer Rates Common to Schedules Nos. 1-A, 1-B and 1-C shall become effective

forty-five (45) days after enactments or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia. The rates, charges and penalties provided herein for Schedule No. 1-B shall become effective on December 1, 2009, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia. The rates, charges and penalties provided herein for Schedule 1-C shall become effective on May 1, 2010, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 - SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 - STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication in the The Hurricane Breeze and The Putnam Democrat, qualified newspapers of general circulation in the Town of Buffalo, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, May 18, 2009, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Buffalo, West Virginia.

First Reading: May 4, 2009

Second Reading
and Public Hearing: May 18, 2009

[SEAL]

TOWN OF BUFFALO, a municipal corporation
Mayor: _____
Recorder: _____

* * * * *

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the Town Council of the Town of Buffalo held May 4, 2009, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the Town Council of the Town of Buffalo at the Town Hall, Buffalo, West Virginia, on Monday, the 18th day of May, 2009, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Town Council will then take such action as it shall deem proper. The proposed ordinance may be inspected by the public at the Office of the Recorder in the Town Hall, Buffalo, West Virginia during regular office hours.

/s/ Gaye Hudson
Recorder, Town of Buffalo
5-7-2t

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.. Two..(2) consecutive issues, in its issues dated .... May 7 & 14, 2009..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..15th....day of..... May....., 2009...

Retha A. Lemon
.....
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
RETHA A. LEMON
ROUTE 3 BOX 3
HURRICANE, WV 25526
My Commission Expires Jan. 28, 2018

LEGAL NOTICES

Putnam Standard

PAGE 1B WWW.PUTNAMSTANDARD.COM TUESDAY, MAY 5, 2009

NOTICE OF PUBLIC HEARING ON
TOWN OF BUFFALO SEWER RATE ORDINANCE

A public hearing will be held on May 18, 2009, at 7:00 p.m., prevailing time, on the following ordinance which was introduced on May 4, 2009. Any person interested may appear before the Town Council of the Town of Buffalo at the Town Hall, Buffalo, West Virginia, and present any comment or protest thereto. Following which hearing Council shall take such action as it shall deem proper.

* * * * *

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF BUFFALO.

THE COUNCIL OF THE TOWN OF BUFFALO HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial users and customers of the Town of Buffalo's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

1. Rules and Regulations for the Government of Sewer Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SECTION 1 – TARIFF

SCHEDULE NO. 1-A
(Effective 45 Days From Enactment)

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000	gallons used per month	$10.00	per 1,000 gallons
Next	3,000	gallons used per month	$7.00	per 1,000 gallons
Next	45,000	gallons used per month	$5.00	per 1,000 gallons
All Over	50,000	gallons used per month	$3.00	per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $20.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $37.50 per month

SCHEDULE NO. 1-B
(Effective December 1, 2009)

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000	gallons used per month	$10.50	per 1,000 gallons
Next	3,000	gallons used per month	$7.35	per 1,000 gallons
Next	45,000	gallons used per month	$5.25	per 1,000 gallons
All Over	50,000	gallons used per month	$3.15	per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $21.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $39.38 per month

SCHEDULE NO. 1-C
(Effective May 1, 2010)

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for domestic, commercial, non-contract industrial (except unusual industrial waster) and resale sewer service.

RATES

First	2,000	gallons used per month	$11.00	per 1,000 gallons
Next	3,000	gallons used per month	$7.70	per 1,000 gallons
Next	45,000	gallons used per month	$5.50	per 1,000 gallons
All Over	50,000	gallons used per month	$3.30	per 1,000 gallons

MINIMUM CHARGE (Customers with a metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 2,000 gallons of water usage) $22.00 per month

FLAT-RATE CHARGE (Customers with non-metered water supply)
Each customer shall pay a minimum charge of:
(Equivalent to 4,500 gallons of water usage) $41.25 per month

SEWER RATES COMMON TO SCHEDULE NOS. 1-A, 1-B AND 1-C
(Effective 45 Days From Enactment)

DELAYED PAYMENT PENALTY
The above schedule is net. On all current usage billings not paid in full when due, ten per cent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SEWER SERVICE CONNECTION CHARGE
The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00, or the actual cost of the construction (solely determined by the Utility), which ever is greater, will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE $25.00
A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

DISCONNECT CHARGE/RECONNECTION CHARGE/ADMINISTRATIVE FEE
Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a disconnection charge of $25.00 have been paid.

There shall be a $25.00 reconnection charge paid prior to restoration of water service which has been previously disconnected for any reason.

In the event that Utility staff or agents collect money at the customer's residence in order to stop disconnection, an administrative fee of $25.00 shall be paid in addition to other charges to prevent disconnection.

INCREMENTAL COSTS
An amount not to exceed $5.00 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical usage. The Utility shall establish a nondiscriminatory policy regarding this provision for leak adjustments.

EFT, CREDIT CARD AND DROP BOX PAYMENTS
A service charge will be imposed on EFT, Credit Card or Drop Box payments. The amount shall be equal to the actual charges to the utility from the financial institution for processing payment.

SCHEDULE NO. 2
(Effective 45 Days From Enactment)

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SANITARY SEWER SYSTEM

Where the Utility has discovered that a customer's roof drain, downspouts, storm sewer, or other similar facilities conducting surface water has been connected to the Utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the Utility, in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S	-	The surcharge in dollars.
A	-	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R	-	The measured monthly rainfall, in inches.
.0006233	-	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C	-	the Utility's approved rate per thousand gallons of metered water usage.

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

SCHEDULE NO. 3
(Effective 45 Days From Enactment)

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci	=	Charge to unusual users per year.
Vo	=	Average unit cost of transport and treatment chargeable to volume, in dollars per gallon.
Vi	=	Volume of wastewater from unusual users in gallons per year.
Bo	=	Average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound.
Bi	=	Weight of BOD from unusual users in pounds per year.
So	=	Average unit cost of treatment (including sludge treatment) charge able to total solids in dollars per pound.
Si	=	Weight of total solids from unusual users in pounds per year.

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the owner's expense. Waste containing materials which, in the judgment of the Utility, should not be introduced into the sewer system, need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage service will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Utility, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE NO. 4
(Effective 45 Days From Enactment)

APPLICABLE INSIDE AND OUTSIDE OF THE LIMITS OF THE UTILITY

Where the amount of sanitary sewage discharged into the Utility's wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Utility a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SCHEDULE NO. 5
(Effective 45 Days From Enactment)

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

RATES

Commodity Charge – Each customer shall pay a commodity charge of $40.00 per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity and/or Commodity amounts shall be determined, or verified solely, by the Utility.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once where it is appropriate.

RETURNED CHECK CHARGE

A service charge of $25.00 will be imposed upon any customer whose check for payment for charges is returned by the bank for any reasons.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein for Schedule Nos. 1-A, 2, 3, 4, 5 and Sewer Rates Common to Schedules Nos. 1-A, 1-B and 1-C shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia. The rates, charges and penalties provided herein for Schedule No. 1-B shall become effective on December 1, 2009, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia. The rates, charges and penalties provided herein for Schedule 1-C shall become effective on May 1, 2010, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the The Hurricane Breeze and The Putnam Democrat, qualified newspapers of general circulation in the Town of Buffalo, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, May 18, 2009, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Buffalo, West Virginia.

First Reading: May 4, 2009

Second Reading
and Public Hearing: May 18, 2009

TOWN OF BUFFALO, a municipal corporation

[SEAL]

Mayor: _____

Recorder: _____

* * * * *

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the Town Council of the Town of Buffalo held May 4, 2009, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the Town Council of the Town of Buffalo at the Town Hall, Buffalo, West Virginia, on Monday, the 18th day of May, 2009, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Town Council will then take such action as it shall deem proper. The proposed ordinance may be inspected by the public at the Office of the Recorder in the Town Hall, Buffalo, West Virginia during regular office hours.

/s/ Gaye Hudson
Recorder, Town of Buffalo

21 5-5, 5-12 ps

THE PUTNAM STANDARD

A CITIZEN NEWSPAPER

AFFIDAVIT OF PUBLICATION Cost of Publication 1265.18

State of West Virginia, County of Putnam, to wit:

I, Jack Bailey, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM STANDARD, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Tuesday, for at least fifty weeks during the calendar year, in WINFIELD, PUTNAM County West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed notice of

Public Hearing - Town of Buffalo
Sewer Rate Ordinance

Was duly published in said newspaper once a week for 2 (successive) week(s), commencing with the issue of the 5th day of May, 20 09, and ending with issue of the 12th day of May, 20 09, (and was posted, if required, at the _____ on the _____ day of _____, 20 _____).

/s/ Jack Bailey
Jack Bailey, Publisher
THE PUTNAM STANDARD

Taken, subscribed and sworn to before me in my said county this 12th day of May, 20 09.

My commission expires March 8, 2015

Trudy Black

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TRUDY BLACK
324 SUMMERS ADDITION
MILTON, WV 25541
My commission expires March 8, 2015

P.O. Box 186, Culloden, WV, 25510

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.. Two..(2) consecutive issues, in its issues dated .... May 28 & June 4, 2009..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..5th....day of..... June....., 2009..

Retha A Lemon
.....
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
RETHA A. LEMON
ROUTE 3 BOX 3
HURRICANE, WV 25526
My Commission Expires Jan. 28, 2018

PUBLIC NOTICE OF SEWERAGE RATES OF
THE TOWN OF BUFFALO

NOTICE is hereby given that the TOWN OF BUFFALO (the "Town") enacted an ordinance on May 18, 2009 containing rates and charges for furnishing sewerage service to five hundred and thirty-nine (539) customers at Buffalo and vicinity, in Putnam County, West Virginia.

The proposed Phase 1 increased rates and charges will become effective 45 days from the effective date of the ordinance, unless otherwise ordered by the Public Service Commission, and will produce approximately $152,502 annually in additional revenue, an increase of 27%. The average monthly bill for the various classes of customers will be as follows:

TYPE OF CUSTOMER		($) INCREASE	(%) INCREASE
Domestic	(4,500 gallons)	$10.00	36.4%
Commercial	(4,500 gallons)	$10.00	36.4%
Industrial	(Toyota)*	$8,596.00	25.0%
Resale	(4,500 gallons)	$10.00	36.4%

*By contract

The proposed Phase 2 increased rates and charges will become effective December 1, 2009, unless otherwise ordered by the Public Service Commission, and will produce approximately $31,518 annually in additional revenue, an increase of 4.4%. The average monthly bill for the various classes of customers will be as follows:

TYPE OF CUSTOMER		($) INCREASE	(%) INCREASE
Domestic	(4,500 gallons)	$1.88	5.0%
Commercial	(4,500 gallons)	$1.88	5.0%
Industrial	(Toyota)*	$2,149.00	5.0%
Resale	(4,500 gallons)	$1.88	5.0%

*By contract

The proposed Phase 3 increased rates and charges will become effective May 1, 2010, unless otherwise ordered by the Public Service Commission, and will produce approximately $31,109 annually in additional revenue, an increase of 4.2%. The average monthly bill for the various classes of customers will be as follows:

TYPE OF CUSTOMER		($) INCREASE	(%) INCREASE
Domestic	(4,500 gallons)	$1.87	4.7%
Commercial	(4,500 gallons)	$1.87	4.7%
Industrial	(Toyota)*	$2,149.00	4.7%
Resale	(4,500 gallons)	$1.87	4.7%

*By contract

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Public Service Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates and charges by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the Town's sewerage system; or

(2) Any customer who is served by the Town's sewerage system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the Town's boundaries. Said petition shall be accompanied by evidence of discrimination; or,

(3) Any customer or group of customers who are affected by said change in rates who reside within the Town's boundaries and who present a petition to the Public Service Commission alleging discrimination between said customer or group of customers and other customers of the Town's sewerage system. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Recorder's Office at the Town Hall, Town of Buffalo, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

By: /s/ Gave Hudson
Town Recorder

5-28-2t

THE TOWN OF BUFFALO

Sewer Revenue Refunding Bonds, Series 2010 A
(West Virginia Infrastructure Fund)
and
Amendment of
Sewer Revenue Bonds, Series 1997 C
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF RULES OF PROCEDURE, SUPPLEMENTAL RESOLUTIONS, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned Town Clerk of The Town of Buffalo (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town.

* * * * * * * * *

The Council of the Town met in regular session, pursuant to notice duly given, on the 1st day of November, 2010, in Buffalo, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Kenny Tucker	- Mayor
	Linda Whittington	- Clerk
	Jay Errett	- Councilmember
	Leah Higginbotham	- Councilmember
	Ronnie Harris	- Councilmember
	Barbara Reed	- Councilmember
	Joe Martin	- Councilmember
	John Stump	- Steptoe & Johnson

ABSENT:

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 proposed Rules of Procedure for adoption. Thereupon, on motion duly made by Barbara Reed and seconded by Ronnie Harris, it was unanimously ordered that the said Rules of Procedure be adopted.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL

PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF BUFFALO; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made by Ronnie Harris and was seconded by Leah Higginbotham, it was unanimously ordered that the above-entitled Supplemental Resolution be finally enacted and put into effect immediately.

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

THIRD SUPPLEMENTAL RESOLUTION PROVIDING AS TO AMENDMENT OF TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF BUFFALO; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made by Jay Errett and was seconded by Barbara Reed, it was unanimously ordered that the above-entitled Third Supplemental Resolution be finally enacted and put into effect immediately.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Barbara Reed and seconded by Leah Higginbotham, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Leah Higginbotham and was seconded by Ronnie Harris, it was unanimously ordered that the said Sweep Resolution be adopted.

* * * * * * * * *

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The Town of Buffalo and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 9th day of November, 2010.

Linda Whittington
Clerk

10.28.10
116100.00003

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849

Council Meeting
August 2, 2010

Meeting called to order at 7:00 P.M. by Mayor.

Salute to flag.

Barbara Reed made motion to accept minutes as mailed. Jay Errett seconded. Motion carried.

To conduct and public hearing and consider on third reading and act upon a proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2010A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 ((West Virginia Infrastructure Fund) the "Prior Notes"): (ii) fund the Series 2010 A Bonds Reserve Account and (iii) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of sewer system of the Town. Mr. Stump read the 3rd Reading.

Leah Higginbotham made motion to approve 3rd Reading. Ronnie Harris seconded. Motion carried.

Lowell Wilkes at meeting to introduce new employee of the Welcome Center

Glen Whittington at meeting about fire alarm. Moved up to fire station.

Meeting adjourned at 7:45 P. M.

Present: Leah Higginbotham, Barbara Reed, Ronnie Harris, Jay Errett, Joey Martin,, Glenn Whittington, Michael Griffith, Barbara Eellenstem, Jessica Michael Lowell Wilkes. Johnnie casto, Tudy Bowman

Mayor

Recorder

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

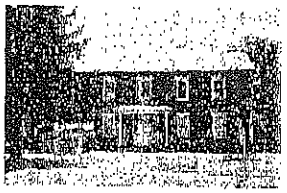
Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849



Council Meeting
July 19, 2010

Meeting called to order at 7:00 P.M. by Mayor.

Salute to flag.

Jay Errett made motion to approve minutes as mailed. Barbara Reed seconded. Motion carried.

To consider on second reading and act upon a proposed Bond Ordinance providing for the issuance of its Sewer Bonds, Series 2010A (the "Bonds'). The proceeds of the Bonds will be used (i) to pay the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "prior Notes"). (ii) fund the Series 2010A Bonds Reserve Account; and (iii) to pay certain costs of Issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the Town.

Leah Higginbotham made motion to accept second reading. Ronnie Harris second. Motion carried.

Leah Higginbotham made motion to pay bills. Joey Martin seconded. Motion carried.

Correction for budget to be sent in. Barbara Reed made motion to send in correction. Leah Higginbotham seconded. Motion carried.

Will Jordan wants to show movie to Children on a weekend.

Joey made motion to adjourn at 7:20 P. M.

Present: Leah Higginbotham, Barbara Reed, Joey Martin, Jay Errett, Ronnie Harris, Tudy Bowman, Chief Jordan,

Mayor

Recorder

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo

P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849

Council Meeting
July 6, 2010

Meeting called to order at 7:00 P.M. by Mayor.

Salute to flag.

Barbara Reed made motion to accept minutes as mailed. Leah Higginbotham seconded. Motion carried

Greg Sayre at meeting. He put in for Grant, Reap program.

Discussed signs for both end of Town. Glass Dimensions for $2,450.00.

To consider on first reading and act upon a proposed Bond Ordinance providing for the issuance of its Sewer Bonds, Series 2010A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"). (ii) fund the Series 2010 A Bonds Reserve Account; and (iii) to pay certain costs of Issuance hereof and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the Town. Ordinance read by Mr. Stump.

Jay Errett made motion to accept first Reading. Ronnie Harris seconded. Motion carried. Stump will take care of publications.

Ice machine stripped of ice on the 3rd of July. Need new circuit.

Barbara Reed made motion to hire Larry Wingo on Police Force. Brent Carpenter leaving State. Ronnie Harris seconded. Motion carried.

Meeting adjourned at 8:30 P.M.

Present: Leah Higginbotham, Barbara Reed, Joey Martin, Jay Errett, Ronnie Harris, Chief Jordan, Linda Whittington, Tudy Allinder, Greg Sayre

Mayor

Recorder

Town of Buffalo is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410.

OLDEST TOWN
IN WEST VIRGINIA
BETWEEN CHARLESTON
AND POINT PLEASANT

FOUNDED IN 1837

Town of Buffalo
P.O. BOX 307
BUFFALO, WEST VIRGINIA 25033

OFFICE OF THE TOWN RECORDER

HOME OF
HISTORIC
BUFFALO ACADEMY

ERECTED 1849

Council Meeting
June 7, 2010

Meeting called to order by Mayor at 7:00 P.M.

Salute to flag.

Barbara Reed made motion to accept minutes as mailed. Ronnie Harris seconded. Motion carried.

Leah Higginbotham talbled Anticipation Note until next month. Joey Martin seconded. Motion carried.

Academy roof to be given a quick fix until put out for bid.

Request for ditch out 18 mile be cleaned out again.

Scott Jones old place to be cleaned-up.

Adjourned at 7:55 by Joey Martin.

Present: Leah Higginbotham, Barbara Reed, Joey Martin, Ronnie Harris, Will Jordan, Racheal Hudson, Tudy Allinder

Town of Buffalo is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410.

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS

LEGAL ADVERTISING INVOICE

INVOICE DATE	07730710 M
ACCOUNT NBR	049350000
SALES REP ID	0099
INVOICE NBR	673910001

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STEPTOE & JOHNSON
707 VIRGINIA ST E BANK ONE CTR
CHARLESTON WV 25326 USA

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INVOICE DATE	07730710
ACCOUNT NBR	049350000
SALES REP ID	0099
INVOICE NBR	673910001

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The Daily Mail rate is $.13 per word, the Charleston Gazette rate is $.14 per word, and the Metro Putnam rate is $.13 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION / REFERENCE NBR / PURCHASE ORDER #	AD NUMBER	AD SIZE / TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
07/22	LEGF	GZ	Town of Buffalo bond 673910001	0432424	1X0975 9.75	8.82	86.00	86.00
07/29	LEGR	GZ	Town of Buffalo bond 673910002		1X0975 9.75	8.82	86.00	
			LEGAL DISCOUNT 25%				21.50-	64.50
			TOTAL INVOICE AMOUNT					150.50

State of West Virginia, **AFFIDAVIT OF PUBLICATION**

I, Sandra Legg of

THE CHARLESTON GAZETTE,
do solemnly swear that the legal notice of:
Town of Buffalo bond ord
was duly published in said newspaper(s) at the stated price for the respective newspaper(s) and during the dates listed below:

07/22/10-07/29/10

Subscribed and sworn to before me this 2nd day of August.

Jill S. Totten
Notary Public of Kanawha County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JILL S. TOTTEN
PO BOX 362
POWELLTON, WV 25161
My commission expires May 6, 2018

LEGAL ADVERTISEMENT

NOTICE OF PUBLIC HEARING ON THE TOWN OF BUFFALO BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of The Town of Buffalo (the "Town") to be held on Monday, August 2, 2010, at 7:00 p.m. at the Town Hall, 319 Franklin Street, Buffalo, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $454,746 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above entitled Ordinance was approved by the Council on July 19, 2010.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to pay a portion of its Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"). The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above entitled Ordinance is on file with the Council at the office of the Town Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: July 19, 2010.

/s/Kenny Tucker
Mayor

(432424)

LEGAL ADVERTISEMENT

NOTICE OF PUBLIC HEARING ON THE TOWN OF BUFFALO BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of The Town of Buffalo (the "Town") to be held on Monday, August 2, 2010, at 7:00 p.m., at the Town Hall, 319 Franklin Street, Buffalo, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $454,746 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was approved by the Council on July 19, 2010.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to pay a portion of its Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"). The Bonds are payable solely from the revenues to be derived from the ownership, operation of the sewer system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Town Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance on final reading.

Dated: July 19, 2010.

/s/ Kenny Tucker
Mayor

7-22-2t

1900 COOKIE ALLEN
PUBLISHER
PHONE 304-562-9881

THE HURRICANE BREEZE
THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.. Two..(2) consecutive issues, in its issues dated .... July 22 & 29, 2010..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..30th...day of..... July....., 2010...

Retha A. Lemon
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
RETHA A. LEMON
ROUTE 3 BOX 3
HURRICANE, WV 25526
My Commission Expires Jan. 28, 2018

NOTICE OF PUBLIC HEARING ON THE TOWN OF BUFFALO, BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of The Town of Buffalo (the "Town") to be held on Monday, August 2, 2010, at 7:00 p.m., at the Town Hall, 319 Franklin Street, Buffalo, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST THEREOF NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $454,746 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above entitled Ordinance was approved by the Council on July 19, 2010.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to pay a portion of its Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"). The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above entitled Ordinance is on file with the Council at the office of the Town Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: July 19, 2010.
/s/ Kenny Tucker
Mayor

1t7-27 ps

THE PUTNAM STANDARD
A CITIZEN NEWSPAPER

AFFIDAVIT OF PUBLICATION Cost of Publication 72.34

State of West Virginia, County of Putnam, to wit:

I, Jack Bailey, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM STANDARD, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Tuesday, for at least fifty weeks during the calendar year, in WINFIELD, PUTNAM County West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed notice of

Town of Buffalo
Bond Ordinance

Was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 27th day of July, 20 10, and ending with issue of the 27th day of July, 20 10, and was posted, if required, at the _____ on the _____ day of _____, 20 _____).

/s/ Jack Bailey
Jack Bailey, Publisher
THE PUTNAM STANDARD

Taken, subscribed and sworn to before me in my said county this 27th day of July, 20 10.

My commission expires March 8, 2015

Trudy Black

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TRUDY BLACK
324 SUMMERS ADDITION
MILTON, WV 25541
My commission expires March 8, 2015

P.O. Box 186, Culloden, WV, 25510

LEGAL ADVERTISEMENT

NOTICE OF PUBLIC HEARING ON)0
THE TOWN OF BUFFALO BOND ORDINANCE

A public hearing will be held on the followingentitled Ordinance at a regular meeting of the Council of The Town of Buffalo (the "Town") to be held on Monday, July 20, 2009, at 7:00 p.m. at the Town Hall, Buffalo, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

THE TOWN OF BUFFALO

ORDINANCE AUTHORIZING THE REFUNDING OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $454,746 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE REFUNDING BONDS, SERIES 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to pay a portion of the costs of refunding the Issuer's Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Prior Notes"); (ii) fund the Series 2009 A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The Bonds are payable solely from Net Revenues of the system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Buffalo on July 6, 2009. A certified copy of the aboveentitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/ Linda Whittington
Clerk

7-9-2t

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE
WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.. Two..(2) consecutive issues, in its issues dated .... July 9 & 16, 2009..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..17th....day of..... July....., 2009.

Retha A. Lemon
.....
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
RETHA A. LEMON
ROUTE 3 BOX 3
HURRICANE, WV 25526
My Commission Expires Jan. 29, 2018

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

NEW ISSUE REPORT FORM

Date of Report: Nov. 9, 2010

ISSUE: The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 307, Buffalo, West Virginia 25033 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: ____
Refunding: x

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: Nov. 9, 2010
CLOSING DATE: Nov. 9. 2010
ISSUE AMOUNT: $440,312
RATE: 0%
1ST DEBT SERVICE DUE: 1-Mar-11
1ST PRINCIPAL DUE 1-Mar-11
1ST DEBT SERVICE AMOUNT $2,061.92
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Poca Valley Bank
Contact: Debbie Pauley
Phone: 304.586.2300

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Linda Whittington
Position: Clerk
Phone: (304) 937-2041

OTHER:
Agency: Infrastructure & Jobs Development Council
Contact: Jim Ellars, P.E.
Position: Executive Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE

By:				
X	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
		X	Reserve Account:	$ 33,552.00
		X	Other: (see note)	$ 387,857.13

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
	Wire		To Escrow Trustee $
	Check		To Issuer $
	IGT		To Cons. Invest. Fun $
			To Other: $

NOTES: The Series 2010 A Reserve Account will be funded with bond proceeds

An amount of $387,857.13 of the Series 2010 A Bonds are to be applied to payment of the Series 1997 BAN

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

24A

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

ISSUE REPORT FORM

BOND AMENDMENT

Date of Report: Nov. 9, 2010

ISSUE: The Town of Buffalo
Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 307, Buffalo, West Virginia 25033 COUNTY: Putnam

PURPOSE OF ISSUE:
New Money: _____
Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 4-Dec-97
CLOSING DATE: 4-Dec-97
ISSUE AMOUNT: 600,000
RATE: 0% (admin fee is waived)
1ST DEBT SERVICE DUE: 1-Jun-19
1ST PRINCIPAL DUE 1-Jun-19
1ST DEBT SERVICE AMOUNT $8000.00
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: _____
Contact: _____
Phone: _____

ESCROW TRUSTEE:
Firm: _____
Contact: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact: Linda Whittington
Position: Clerk
Phone: (304) 937-2041

OTHER:
Agency: Infrastructure & Jobs Development Council
Contact: Jim Ellars, P.E.
Position: Executive Director
Phone: (304)558-4607

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

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

NOTES: This bond is amended to waive the 1% administrative fee

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

24B

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Poca Valley Bank, Winfield, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Buffalo (the "Issuer") enacted by the Issuer on August 2, 2010, and a Supplemental Resolution adopted by the Issuer on November 1, 2010 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated November 9, 2010, in the aggregate principal amount of $440,312 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 9th day of November, 2010.

POCA VALLEY BANK

By: Denise Burchett
Its: Authorized Officer

10.27.10
116100.00003

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Buffalo Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated November 9, 2010, in the aggregate principal amount of $440,312, (the "Series 2010 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2010 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2010 A Bonds.

WITNESS my signature on this 9th day of November, 2010.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

116100.00003

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The Town of Buffalo (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, dated November 9, 2010, in the principal amount of $440,312, numbered AR-1, registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 9th day of November, 2010.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

116100.00003

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 9th day of November, 2010, by and between THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $440,312 principal amount of Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated the date hereof, in fully registered form (the "Series 2010 A Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted August 2, 2010, and a Supplemental Resolution of the Issuer duly adopted November 1, 2010 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2010 A Bonds; and

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

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

Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2010 A Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2010 A Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Series 2010 A Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the

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

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

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

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

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

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

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

ISSUER: The Town of Buffalo
Post Office Box 307
Buffalo, West Virginia 25033
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

The Registrar is hereby requested and authorized to authenticate, register and deliver the Series 2010 A Bonds in accordance with the Bond Legislation.

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

THE TOWN OF BUFFALO

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

116100.00003

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date November 9, 2010

The Town of Buffalo
Account Number 6089001809

THE TOWN OF BUFFALO
Sewer Revenue Bonds, Series 2010 A
c/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR November, 2010

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

STATEMENT OF REGISTRAR'S FEES
Invoice Date November 9, 2010

The Town of Buffalo
Account Number 6089001809

The Town of Buffalo
Sewer Revenue Bonds, Series 1997 C
c/o John C. Stump
Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

OWR Permit Details

(1)OWR Permit	
PERMITTEE	BUFFALO TOWN OF
DEP OFFICE	OWR
PERMIT ID	WV0024694
ISSUE/REISSUE DATE	04/30/07
EXPIRATION DATE	04/29/12
FACILITY NAME	BUFFALO TOWN OF
DESCRIPTION	
No. of CUSTOMERS	520
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	0.529000
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(1)Permit Status	
ACTIVE YES/NO	Y
OPEN/CLOSED	O
STATUS	Modified

(2) County / Quad	
County: Putnam	Quad: ROBERTSBURG
County: Putnam	Quad: MOUNT OLIVE

(5) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
IU01	Industrial Users(Pretreatment)
001	Outlet
002	Outlet
S01	Sludge

(5) Permit Geography		
INSPECTABLE UNIT CODE:	001	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 37'46.0000"	
LONGITUDE:	81° 58'22.0000"	
COUNTY:	Putnam	

INSPECTABLE UNIT CODE:	002	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 35'31.0000"	
LONGITUDE:	82° 0'9.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 37'46.0000"	
LONGITUDE:	81° 58'22.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	IU01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 31'31.0000"	
LONGITUDE:	82° 0'9.0000"	
COUNTY:	Putnam	
INSPECTABLE UNIT CODE:	S01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 37'46.0000"	
LONGITUDE:	81° 58'22.0000"	
COUNTY:	Putnam	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Lower Kanawha River	
SCS WATERSHED:	Kanawha River	

IC-2
(7/09)

GRANT AGREEMENT
(97S-293)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the TOWN OF BUFFALO (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $250,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit B attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Authority and the Governmental Agency hereby agree as follows:

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit A, unless the Council and Authority are provided replacement instructions in writing.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit B.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

TOWN OF BUFFALO

By: _____
Its: Mayor
Date: November 9, 2010

(SEAL)

Attest:
_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: November 9, 2010

(SEAL)

Attest:
_____
Its: Authorized Officer

[To Be Placed on Letterhead]

Exhibit A

Wiring Instructions

_____, 20__

Town of Buffalo
P.O. Box 307
Buffalo, West Virginia 25033

Payor:	West Virginia Water Development Authority
Source:	Grant Proceeds
Amount:	$_____
Date:	_____, 20__
Form:	Electronic Funds Transfer
Payee:	Town of Buffalo
Bank:	_____
Bank Contact:	_____
Telephone:	_____
Routing No.:	_____
Account No.:	_____
Account Name:	_____

[N/A – Grant Proceeds will be wired to MBC]

Exhibit B

Project Description

The Project consists of the permanent financing of the Governmental Agency's wastewater treatment project and pay off of the 1997 Bond Anticipation Note (Infrastructure Council commitment – January 12, 2006).

United States Department of Agriculture
Rural Development
West Virginia State Office

November 9, 2010

The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the amendment of the Sewer Revenue Bonds, Series 1997 C; (b) consents to the issuance of the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of $440,312 (the "Bonds"), by The Town of Buffalo (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1990 C (United States Department of Agriculture), dated September 6, 1990, issued in the original aggregate principal amount of $396,000 (the "Prior Bonds"); (c) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (d) consents to any amendments made to the Prior Ordinance by the Ordinance.

WITNESSETH my signature on this 9th day of November, 2010.

State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

November 9, 2010

The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Griffith & Associates, PLLC, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Sewer Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to (a) the amendment to the Series 1997 C Bonds; (b) the issuance of the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original aggregate principal amount of $440,312 by The Town of Buffalo (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (i) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $280,168; (ii) Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated December 4, 1997, issued in the original aggregate principal amount of $600,000; (iii) Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $2,032,192; and (iv) Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $600,000 (collectively, the "First Lien Bonds"); and (c) the issuance of the Series 2010 A Bonds senior and prior to the Issuer's outstanding Sewer Revenue Bonds, Series 1990 B (West Virginia Sewer Development Authority), dated September 6, 1990, issued in the original aggregate principal amount of $12,652 (the "Series 1990 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds").

Carol A. Cummings
Authorized Representative

116100.00003

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

The Town of Buffalo
Sewer Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)

RECEIPT AND RELEASE

The undersigned duly authorized representative of the West Virginia Municipal Bond Commission (the "Commission"), the Paying Agent of The Town of Buffalo (the "Issuer") Sewerage System Bond Anticipation Note, Series 1997 (West Virginia Infrastructure Fund), dated December 4, 1997, issued in the original aggregate principal amount of $636,203 (the "Series 1997 Notes"), hereby certifies and declares that on the date hereof, received on behalf of the Commission from The Town of Buffalo (the "Issuer") the sum of $637,857.13 and that such sum is sufficient to pay in full the entire outstanding principal and outstanding fees of the Series 1997 Notes to the date hereof and to discharge all liens, pledges and encumbrances securing the Series 1997 Notes.

Dated this 9th day of November, 2010.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Authorized Representative

116100.00003

CH4929079.1

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **November 9, 2010**

Re: **The Town of Buffalo Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)**
IJDC #97-293

---

1. DISBURSEMENTS TO THE TOWN OF BUFFALO

Payor:	West Virginia Infrastructure Fund
Source:	Series 2010 A Bonds Proceeds
Amount:	$18,902.87
Form:	Wire Transfer
Payee:	The Town of Buffalo, Franklin Street, Buffalo, WV 25033
Bank:	Poca Valley Bank, 3500 Winfield Rd. Winfield, WV 25213
Routing #:	051503145
Account #:	1304757
Contact:	Tina Truman, 304.577.6611
Account:	Series 2010 A Bonds Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

A.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2010 A Bonds Proceeds
Amount:	$33,552
Form:	Wire Transfer
Payee:	The Town of Buffalo
Bank:	BB&T for the benefit of Municipal Bond Commission
Routing #:	051503394
Account #	5270517317
Contact:	Sara Boardman, (304) 558-3971
Account:	Series 2010 A Bonds Reserve Account

B.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2010 A Bonds Proceeds
Amount:	$387,857.13
Form:	Wire Transfer
Payee:	The Town of Buffalo
Bank:	BB&T for the benefit of Municipal Bond Commission
Routing #:	051503394
Account #	5270517317
Contact:	Sara Boardman, (304) 558-3971
Purpose:	Payment of Sewerage System Bond Anticipation Notes, Series 1997

C.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Grant Proceeds
Amount:	$250,000
Form:	Wire Transfer
Payee:	The Town of Buffalo
Bank:	BB&T for the benefit of Municipal Bond Commission
Routing #:	051503394
Account #	5270517317
Contact:	Sara Boardman, (304) 558-3971
Purpose:	Payment of Sewerage System Bond Anticipation Notes, Series 1997

Town of Buffalo
97S-293

RESOLUTION OF THE TOWN OF BUFFALO APPROVING INVOICES RELATING TO REFUNDING THE SERIES 1997 BAN AND OTHER SERVICES AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Buffalo has reviewed the invoices attached hereto and incorporated herein by reference relation to the pre-construction of the water project funded by the West Virginia Infrastructure & Jobs Development Council (IJDC) and find as follows:

1. That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.
2. That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project
3. That each of such costs has been otherwise properly incurred.
4. That the payment for each of the items proposed is due and owing.

Vendor	Total	IJDC grant	IJDC Loan	Toyota
Payoff 1997 BAN	637,857.13	250,000.00	387,857.13	0.00
Harvey Peyton	7,959.69	0.00	0.00	7,950.69
Huntington Bank	1,000.00	0.00	1,000.00	0.00
Steptoe & Johnson	14,000.00	0.00	14,000.00	0.00
Griffith & Associates	10,376.22	0.00	3,902.87	6,473.35
Reserve Account	33,552.00	0.00	33,552.00	0.00
TOTAL	704,745.04	250,000.00	440,312.00	14,433.04

NOW, THEREFOR, BE IT RESOLVED The Town of Buffalo by as follows: There is hereby authorized and directed the payment of the attached invoices listed above:

ADOPTED BY the Town of Buffalo, at the meeting held on the 1st day of November, 2010

By: _____
Its: _____

SWEEP RESOLUTION

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

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

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

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

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

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

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

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

3) This resolution shall be effective immediately upon adoption.

Adopted this 1st day of November 2010.

Mayor

Clerk

THE TOWN OF BUFFALO
SEWER REVENUE BONDS,
SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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THE TOWN OF BUFFALO

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 adopted 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 Buffalo (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State.

B. The Issuer presently owns and operates a public sewage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting of a treatment plant, four lift stations, a complete collector system, and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities of the Issuer, the Project and any further additions, improvements or betterments thereto or extensions thereof is herein called the "System") at an estimated cost of $3,349,000 in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all Sinking Fund, Reserve Account and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $1,000,000 in three series, being the Series 1990 A Bonds in the aggregate principal amount of not more than $500,000, the Series 1990 B Bonds in the aggregate principal amount of not more than $100,000 and the Series 1990 C Bonds in the aggregate principal amount of not more than $400,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $1,000,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition or construction of the Project; amounts which may be

deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution, and, further, it is in the best interests of the Issuer that its Original Bonds constituting the Series 1990 C Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of a Letter of Conditions dated March 21, 1989, an amended Letter of Conditions dated June 27, 1989, an amended Letter of Conditions dated February 8, 1990, and all amendments thereto (collectively, the "Letter of Conditions").

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien, pledge and sources of and security for payment. The Series 1990 A Bonds and the Series 1990 C Bonds shall be on parity with each other with respect to lien, pledge and sources of and security for payment and in all other respects, except as otherwise provided herein. The Series 1990 B Bonds shall be junior and subordinate to the Series 1990 A Bonds and the Series 1990 C Bonds with respect to lien, pledge and sources of and security for payment and in all other respects. The grant anticipation notes, if issued, will not be

payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such grant anticipation notes and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such grant anticipation notes. The bond anticipation notes, if issued, will be payable from the proceeds of the Bonds (or individual series thereof), certain proceeds of such bond anticipation notes and the Net Revenues, if necessary and if available, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such bond anticipation notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition and construction of the Project and the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or any of the Notes or such final order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to issue the Bonds and Notes, as needed for the purposes set forth herein.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the net proceeds of the issues of the Original Bonds and the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Notes and/or the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract

between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds and Notes, respectively, all 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 and between any one Note of a series and any other Note 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 enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B 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 and Notes Ordinance" or "Local Act" means this Bond and Notes Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" shall have the meaning stated in Section 3.03 hereof, as applicable.

"Bond Year" means each one-year period (or shorter period from the date of issue of the Original Bonds) that ends at the close of business on the day in the calendar year that is selected by the Issuer, which must be the last day of a compounding interval used in computing the yield on the issue under the Code, and shall be October 1 unless otherwise required under the Code.

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

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

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

"Consulting Engineers" means Randolph Engineering, Scott Depot, 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 1.02D 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, which shall be a member of FDIC.

"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 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 Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only

the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any Grant Anticipation 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.

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee 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.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than

specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer," "Borrower" or "Town" means The Town of Buffalo, in Putnam County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated March 21, 1989, the amended Letter of Conditions of the Purchaser dated June 27, 1989, the amended Letter of Conditions of the Purchaser dated February 8, 1990, and all amendments thereto.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amounts of the Original Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts. 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 Original 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 or any other proceeds of the Original Bonds and is not acquired in order to carry out the governmental purpose of the Original Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means, collectively, the not more than $1,000,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized

hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution and its successors and assigns.

"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, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $500,000 in aggregate principal amount of Series 1990 A Bonds, the not more than $100,000 in aggregate principal amount of Series 1990 B Bonds and the not more than $400,000 in aggregate principal amount of Series 1990 C Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means, collectively, the grant from the Purchaser (as hereinafter defined) and the grant from the Department of Housing and Urban Development (Small Cities Block 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 Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated (where applicable) and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes 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 and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"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.

"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 certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting generally of a treatment plant, four lift stations, a complete collector system, and all appurtenant facilities.

"Purchaser" or "Government" means the United States Department of Agriculture, Farmers Home Administration, which is expected to be the original purchaser of the Original Bonds constituting the Series 1990 C Bonds, and any successor thereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation,

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" or "City Clerk" means the Recorder of the Issuer.

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

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by 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.

"Series 1990 A Bonds" or "Series A Bonds" means the not more than $500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 A, of the Issuer.

"Series 1990 A Bonds Reserve Account" means the Series 1990 A Bonds Reserve Account established in the Series 1990 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1990 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1990 A Bonds in the then current or any succeeding year.

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Sinking Fund established by Section 5.02 hereof.

"Series 1990 B Bonds" or "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 B, of the Issuer.

"Series 1990 B Bonds Reserve Account" means the Series 1990 B Bonds Reserve Account established in the Series 1990 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1990 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1990 B Bonds in the then current or any succeeding year.

"Series 1990 B Bonds Sinking Fund" means the Series 1990 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1990 C Bonds" or "Series C Bonds" means the not more than $400,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 C, of the Issuer.

"Series 1990 C Bonds Reserve Account" means the Series 1990 C Bonds Reserve Account established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" 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 any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any additions, improvements, betterments and extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,349,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1990 A Bonds and the Series 1990 C Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any one or more of such purposes, as determined by the Supplemental Resolution there shall be and are authorized to be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $1,000,000. Said Bonds shall be issued in three series, to be designated respectively, "Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than $500,000, "Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than $100,000, and "Sewer Revenue Bonds, Series 1990 C," in the aggregate principal amount of not more than $400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the grant anticipation notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. A. The Series 1990 A Bonds and the Series 1990 B Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 1990 A Bonds and the Series 1990 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1990 A Bonds and the Series 1990 B 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.

B. The Series 1990 C Bonds shall be issued in the form of a single, fully registered Bond in the principal amount of not to exceed $400,000, numbered CR-1, shall be dated the date of delivery thereof and shall be in such principal amount as set forth in a

Supplemental Resolution. The Series 1990 C Bonds shall bear interest from the date of delivery, payable monthly at the rate not exceeding the then legal maximum as the Issuer shall prescribe in a Supplemental Resolution, and shall be sold for the par value thereof. The Series 1990 C Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in a Supplemental Resolution and/or in the Bond form hereinafter set forth.

Unless otherwise provided by the Supplemental Resolution or herein, the Original Bonds shall be issued in the form of a single bond for each series, with the Series 1990 A Bonds and the Series 1990 B Bonds being fully registered to the Authority and the Series 1990 C Bonds fully registered to the Purchaser, with a debt service schedule attached to the Series 1990 A Bonds and the Series 1990 B Bonds, 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 neither the Authority nor the Purchaser shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date except as otherwise expressly provided herein.

Section 3.03. Bond Registrar. A. The Bond Registrar for the Series 1990 A Bonds and the Series 1990 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

B. The Issuer shall be the Bond Registrar with respect to the Series 1990 C Bonds and will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Series 1990 C Bonds, and, upon presentation for such purpose, the Issuer shall, under such reasonable regulations as it may prescribe, register the Series 1990 C Bonds initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Series 1990 C Bonds as hereinafter provided.

The Issuer shall accept the Series 1990 C Bonds for registration or transfer only if ownership thereof is to be registered

in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

Section 3.04. 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 3.05. 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 3.10, 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. The provisions of this Section 3.05 relating to authentication and other provisions of this Bond Legislation relating to authentication of Bonds shall not apply to the Series 1990 C Bonds, notwithstanding anything herein to the contrary.

Section 3.06. 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 Bond Registrar for the Bonds other than the Series 1990 C Bonds, shall keep and maintain books for the registration and transfer of the respective series of Bonds.

Subject to the provisions of Section 3.03 with respect to the Series 1990 C 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 period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, or the Bond Registrar shall, if so advised by the Issuer, authenticate (where applicable) 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 3.08. 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 and amounts, if any, in the respective Reserve Accounts. 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 3.09. Bonds Secured by Pledge of Net Revenues; Series 1990 B Bonds to be Junior and Subordinate to Series 1990 A Bonds and Series 1990 C Bonds. The payment of the debt service of all the Series 1990 A Bonds and all the Series 1990 C Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System on a parity basis. The payment of the debt service of all the Series 1990 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 such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1990 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1990 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on _____ 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 _____, 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Bond Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed

by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter]; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19_____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19_____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1990 B Bonds are junior and subordinate with respect to lien, pledge and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS"), EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 B 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 1990 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1990 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1990 B Bonds, the Series 1990 C Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1990 B Bonds, the Series 1990 C Bonds and any other obligations outstanding prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C 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 Bond 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 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 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 owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the 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 BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 19_____.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Bond 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 1990 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1990 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____

_____
($_____), in annual installments on _____ 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 (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds")]; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes

of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19_____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19_____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1990 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 A BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1990 A Bonds and the Series 1990 C Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1990 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other

revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance 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, the Series 1990 A Bonds, the Series 1990 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1990 A Bonds, the Series 1990 C Bonds or the Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve accounts established for the Series 1990 A Bonds and the Series 1990 C Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the Series 1990 A Bonds and the Series 1990 C Bonds in the then current or any succeeding 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.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Bond 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 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 1990 A Bonds and the Series 1990 C Bonds to the extent provided in the Bond Legislation.

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 BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 19_____.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Bond 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 1990 C Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1990 C

No. CR-____ $_____

FOR VALUE RECEIVED, THE TOWN OF BUFFALO (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after

payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and

maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower authorizing issuance of this Bond and a resolution supplemental thereto duly enacted and adopted (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY WITH THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 A, AND SENIOR AND PRIOR TO THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 B, WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, BOTH ISSUED CONCURRENTLY HEREWITH AND

DESCRIBED IN THE ORDINANCE, EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN THE ORDINANCE.

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 19_____.

THE TOWN OF BUFFALO
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Mayor
(Title of Executive Official)

Post Office Box 217
(P. O. Box No. or Street Address)

Buffalo, West Virginia 25033
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Recorder
(Title of Attesting Official)

(Form of).

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $

[Form of Assignment]

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Original Bonds to Authority and Purchaser; Ratification of Execution of Loan Agreement with Authority. The Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

The Original Bonds constituting the Series 1990 C Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions.

Section 3.12. "Amended Schedule A" Filing; Tender of Series 1990 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1990 B Bonds to the Issuer for payment in an amount equal to such excess to the extent such excess is lawfully available therefor. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1990 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $1,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Net Revenues (if issued in the form of bond anticipation notes), the Grant Receipts, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree

to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(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 1990 A Bonds Sinking Fund;

(a) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account;

(2) Series 1990 B Bonds Sinking Fund;

(a) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account; and

(3) Series 1990 C 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 Operating Expenses of the System.

(2) The Issuer shall next, (i) each month, on or before the due date of payment of each installment on the Series 1990 C Bonds, transfer from the Revenue Fund and

remit to the National Finance Office designated in the Series 1990 C Bonds (or such other place as may be subsequently provided pursuant to the Series 1990 C Bonds), the amount required to pay the interest on the Series 1990 C Bonds, and to amortize the principal of the Series 1990 C Bonds over the life of such Bond issue, (ii) simultaneously with the transfer set forth in Subsection 5.03A(2)(i), on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1990 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 1990 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1990 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 1990 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, and (iii) simultaneously with the transfer set forth in Subsection 5.03A(2)(i), on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1990 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. All the payments with respect to principal of and interest on the Series 1990 A Bonds and the Series 1990 C Bonds shall be made on an equal pro rata basis and on a parity with each other to the fullest extent possible.

(3) The Issuer shall next, (i) on each date that payment is made as set forth in Subsection 5.03A(2)(i) above, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1990 C Bonds Reserve Account, 1/12th of 1/10th of the amount, as of the date of

calculation, equal to the maximum amount of principal and interest which will become due on the Series 1990 C Bonds in any year, until the amount in the Series 1990 C Bonds Reserve Account equals such maximum amount (the "Minimum Reserve"), and (ii) simultaneously with the transfer set forth in Subsection 5.03A(3)(i), on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1990 A Bonds, if not fully funded upon issuance of the Series 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 A Bonds Reserve Requirement. After the Series 1990 A Bonds Reserve Requirement and the Minimum Reserve have been accumulated in the respective Reserve Accounts, the Issuer shall monthly deposit into the respective Reserve Accounts such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on or with respect to the Series 1990 A Bonds and the Series 1990 C Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Series 1990 A Bonds Reserve Requirement and the Minimum Reserve in the respective Reserve Accounts on an equal pro rata basis and on a parity with each other. Moneys in the Series 1990 A Bonds Reserve Account and the Series 1990 C Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the Series 1990 A Bonds and the Series 1990 C Bonds, respectively, as the same shall become due, on an equal pro rata basis and on a parity with each other, or for prepayment of installments on the Series 1990 A Bonds and the Series 1990 C Bonds pro rata, or for mandatory prepayment of the Series 1990 A Bonds and the Series 1990 C Bonds as hereinafter provided, on a pro rata basis and for no other purpose.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, 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 Issuer or of the Depository Bank and

shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1990 A Bonds Reserve Account and the Series 1990 C 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 hereby] shall be promptly eliminated with moneys from the Renewal and Replacement Fund on a pro rata basis, and, thereafter, any deficiencies in the Series 1990 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 hereby] shall next be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) 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 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1990 B 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.

(6) 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 1990 B Bonds, if not fully funded upon issuance of the Series 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 B Bonds Reserve Requirement.

Moneys in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund shall be used only for purposes of paying principal of and interest, if any, on the Series 1990 A Bonds and the Series 1990 C Bonds on a parity basis and on the Series 1990 B Bonds, respectively, as the same shall become due; provided, however, that, notwithstanding anything herein to the contrary, the Holders of the Series 1990 C Bonds shall have no claim to moneys in the Series 1990 A Bonds Sinking Fund, including the Series 1990 A Bonds Reserve Account therein, to the extent such moneys correspond to monthly installments previously paid upon the Series 1990 C Bonds. Moneys in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1990 A Bonds and the Series 1990 C Bonds on a parity basis and on the Series 1990 B Bonds, respectively, 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 several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, except as otherwise required by the regulations of the Purchaser as to earnings on the Series 1990 C Bonds Reserve Account, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1990 A Bonds Reserve Account and the Series 1990 C Bonds Reserve Account which result in a reduction in the balance of the Series 1990 A Bonds Reserve Account and the Series 1990 C Bonds Reserve Account to below the Series 1990 A Bonds Reserve Requirement and the Minimum Reserve, respectively, shall be subsequently restored from the first Net Revenues available after all required payments set forth in Subsection 5.03(A)(2) hereof have been made in full for payment of debt service on the Series 1990 A Bonds and the Series 1990 C Bonds.

Any withdrawals from the Series 1990 B Bonds Reserve Account which result in a reduction in the balance of the

Series 1990 B Bonds Reserve Account to below the Series 1990 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments set forth in Subsection 5.03(A)(2) and to the Series 1990 A Bonds Reserve Account, the Series 1990 C Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1990 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund and otherwise sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account or Accounts in an amount or amounts equal to the maximum amount or amounts of principal and interest which will become due in any year for account of the Bonds of such series.

The Issuer shall not be required to make any further payments into the Series 1990 A Bonds Sinking Fund, the Series 1990 B Bonds Sinking Fund or into the Reserve Accounts therein, or into the Series 1990 C Bonds Reserve Account, when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund and the Series 1990 C Bonds Reserve Account created hereunder, and all amounts required for said Sinking Funds and Reserve Accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all payments to the Commission 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 Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund, including the Reserve Accounts therein, and the Series 1990 C Bonds Reserve Account, 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 and in the priority hereinafter set forth.

Whenever the moneys in the Reserve Accounts of the Series 1990 A Bonds and the Series 1990 C Bonds shall be sufficient to prepay the Series 1990 A Bonds and the Series 1990 C Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay such Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Renewal and Replacement Fund invested and reinvested in accordance with Section 8.01 hereof.

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 Series 1990 A Bonds Sinking Fund (including the Reserve Account therein), the Series 1990 B Bonds Sinking Fund (including the Reserve Account therein), the Series 1990 C Bonds Reserve Account, 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, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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

D. All funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds shall have a lien thereon, and, thereafter, subject and subordinate to the liens of the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds, the Holders of the Series 1990 B Bonds shall have a lien thereon.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; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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 of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority and the Purchaser be deposited otherwise.

I. The Issuer shall, prior to delivery of the Series 1990 C Bonds, provide evidence that there will be at least

384 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

J. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser and the Authority.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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. From the proceeds of the Series 1990 A Bonds, there shall first be deposited with the Commission in the Series 1990 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1990 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of acquisition or construction of the Project.

B. Next, from the proceeds of the Series 1990 A Bonds, there shall be deposited with the Commission in the Series 1990 A Bonds Reserve Account, from the proceeds of the Series 1990 B Bonds, there shall be deposited with the Commission in the Series 1990 B Bonds Reserve Account and from the proceeds of the Series 1990 C Bonds, there shall be deposited with the Commission in the Series 1990 C Bonds Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1990 A Bonds and the Series 1990 C Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

D. The remaining moneys derived from the sale of the Bonds shall be deposited upon receipt with the Depository Bank in the Bond Construction Trust Fund in the manner set forth in the Supplemental Resolution and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. 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 Series 1990 A Bonds and the Series 1990 C Bonds, and, thereafter, for the Series 1990 B Bonds; provided, however, that such pledge shall only extend to such moneys as have been actually paid to the Bond Construction Trust Fund by the original purchaser of the respective series of Bonds secured thereby. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority and the Purchaser. To the extent required by the Purchaser, in addition to the other requirements herein, proceeds of the Series 1990 C Bonds in the Bond Construction Trust Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank in a manner lawful for securing deposits of State and municipal funds under the laws of the State.

F. There shall additionally be established with the Depository Bank such separate accounts and subaccounts within the Bond Construction Trust Fund as are set forth in the Supplemental Resolution so that the Issuer and the Depository Bank may at all times ascertain the source of all funds in the Bond Construction Trust Fund.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds 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 and as to any proceeds of the Series 1990 C Bonds, a representative of the Purchaser, if the Purchaser so requires, 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 written direction of the Issuer, except as otherwise required by the Purchaser with respect to proceeds of the Series 1990 C Bonds in the Bond Construction Trust Fund.

After completion of the Project, as certified by the Consulting Engineers, and all costs thereof have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund consisting of Series 1990 A Bond and Series 1990 B Bond proceeds to the Series 1990 A Bonds Reserve Account and when fully funded, to the Series 1990 B Bonds Reserve Account, and shall transfer any moneys remaining in the Bond Construction Trust Fund consisting of Series 1990 C Bond proceeds to the Series 1990 C Bonds Reserve Account, and when all Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund, except that, if otherwise required, any balance in the Bond Construction Trust Fund of proceeds of the Series 1990 C Bonds shall be disposed of in accordance with any requirements of the regulations of the Purchaser. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1990 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1990 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1990 A Bonds and the Series 1990 C Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System on a parity basis. The payment of the debt service of the Series 1990 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 1990 A Bonds and the Series 1990 C Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds

and to make the payments into the Sinking Funds, the Reserve Accounts, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, 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 finally enacted June 5, 1989, which rates and charges are hereby approved, ratified and confirmed.

Section 7.05. Sale of the System. 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 and Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1990 A Bonds and the Series 1990 B Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and with respect to the Series 1990 C Bonds, immediately be remitted to the National Finance Office designated in the Series 1990 C Bonds, and, with the written permission of the Authority and the Purchaser, or in the event the Authority and the Purchaser are no longer Bondholders, the Issuer shall direct the Commission and the National Finance Office to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, 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 and the Purchaser, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and to the National Finance Office 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 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 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 of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, 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 1990 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 the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into 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.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1990 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1990 A Bonds and the Series 1990 C Bonds, unless the Series 1990 B Bonds are no longer outstanding.

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:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, 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 adopted 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. Bonds issued on a parity, regardless of the time or

times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this 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 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 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C 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 the Series 1990 A Bonds, the Series 1990 B Bonds or the Series 1990 C 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 may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority and the Purchaser to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall

have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee, the Authority and the Purchaser, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee, the Authority and the Purchaser, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and the Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges 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. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on 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 respectively in the 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 year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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 Trustee, the Authority, the Purchaser and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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 services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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 any part thereof, 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 or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or, with the consent of the Authority and the Purchaser, 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, the Authority, the Purchaser, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Bond Construction Trust Fund is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

C. In addition to the foregoing requirements, the Issuer will carry insurance on bonds, or cause insurance on bonds to be carried for the protection of the Issuer, of such types and in such amounts as required by the Purchaser, if such requirements are greater than the types and amounts set forth above.

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, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Completion of Project. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Original 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 Original Bonds during the term thereof is, under the terms of

the Original 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 Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Original 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 Original Bonds during the term thereof is, under the terms of the Original 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 Issuer, 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 Original Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Original Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Original 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 Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Original Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority and the Purchaser) so that the interest on the Original Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any

actions, or fail to take any actions (including, without limitation, those determined by the Authority and the Purchaser) which would adversely affect such exclusion.

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 Trustee, if any, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

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

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants 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 Original Bonds which would cause any of the Original 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 Original Bonds) so that the interest on the Original 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 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Original Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Original Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Original Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(C) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States

an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority and the Purchaser, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and/or the Purchaser. In addition, the Issuer shall cooperate with the Authority and/or the Purchaser in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority and/or the Purchaser at the expense of the Issuer.

The Issuer shall submit to the Authority and the Purchaser within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution 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 Commission, the Purchaser, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her 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 Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1990 B Bonds shall be subject to those of the Holders of the Series 1990 A Bonds and the Holders of the Series 1990 C Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note 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 or Bond Anticipation Notes any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

Such receiver, in the performance of the powers 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 1990 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 1990 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 1990 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 1990 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1990 A Bonds from gross income for federal income tax purposes.

Series 1990 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 either at maturity or at the next redemption date, the principal installments of and interest on such Series 1990 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 1990 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 1990 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1990 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 next redemption date or 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 1990 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 1990 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 1990 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 1990 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1990 B Bonds from gross income for federal income tax purposes.

Series 1990 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 either at maturity or at the next redemption date the principal installments of such Series 1990 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 1990 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 1990 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1990 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 next redemption date or 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 10.03. Defeasance of Series 1990 C Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1990 C 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 1990 C 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 1990 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1990 C Bonds from gross income for federal income tax purposes.

Section 10.04. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1990 A Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Bonds and the Notes from gross income of the holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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 Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation 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 Putnam Democrat, a qualified newspaper published and of general circulation in The Town of Buffalo, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, 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 Bond Legislation and notice, and present protests, and that a certified copy of the 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 - June 4, 1990

Passed on Second Reading - June 11, 1990

Passed on Final Reading Following Public Hearing - July 2, 1990

Mayor

Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE TOWN OF BUFFALO on the 2nd day of July, 1990.

Dated: September 6, 1990

[SEAL]

Gaye Y. Hudson
Recorder

09/04/90
BUFFALOJ.A7
11610/88001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF THE TOWN OF BUFFALO; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the town council (the "Governing Body") of The Town of Buffalo (the "Issuer"), has duly and officially enacted a bond and notes ordinance, effective July 2, 1990 (the "Bond and Notes Ordinance" or "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF BUFFALO AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF

A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $1,000,000, to be issued in three series, the Series 1990 A Bonds to be in an aggregate principal amount of not more than $500,000 (the "Series 1990 A Bonds"), the Series 1990 B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1990 B Bonds") and the Series 1990 C Bonds to be in an aggregate principal amount of not more than $400,000 (the "Series 1990 C Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1990 A Bonds dated September 6, 1990, and a supplemental loan agreement relating to the Series 1990 B Bonds, also dated September 6, 1990 (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 Chapter 16, Article 13 of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and 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 Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 1990 A Bonds and the Series 1990 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement, and the Series 1990 C Bonds are proposed to be purchased by the United States Department of Agriculture, Farmers Home Administration (the "Purchaser") pursuant to a Letter of Conditions, as amended; 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 approved and 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 BUFFALO:

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

(A) The Sewer Revenue Bonds, Series 1990 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $280,168. The Series 1990 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.10% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1991, 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 in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1990 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $12,652. The Series 1990 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, 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 1990 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

(C) The Sewer Revenue Bonds, Series 1990 C, of the Issuer, originally represented by a single Bond, numbered CR-1 in the principal amount of $396,000. The

Series 1990 C Bonds shall be dated the date of delivery thereof, shall mature September 6, 2030, shall bear interest at the rate of 6.0% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 1990 C Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $2,210 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 1990 C Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 1990 C Bonds, all such payments to be made at the National Finance Office, Farmers Home Administration, United States Department of Agriculture, St. Louis, Missouri 63103, or at such other place as the Purchaser may hereafter designate after issuance of the Series 1990 C Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

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 authorize, approve and accept 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 authorized, directed and approved. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed 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 One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Series 1990 A Bonds and Series 1990 B Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston,

West Virginia, to serve as Paying Agent for the Series 1990 A Bonds and Series 1990 B Bonds.

Section 6. The Issuer does hereby appoint The Buffalo Bank, Eleanor, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1990 A Bonds proceeds in the amount of $39,714 shall be deposited in the Series 1990 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1990 A Bonds proceeds in the amount of $23,936 shall be deposited in the Series 1990 A Bonds Reserve Account, Series 1990 B Bonds proceeds in the amount of $333 shall be deposited in the Series 1990 B Bonds Reserve Account and Series 1990 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 C Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project, if any.

Section 10. The Issuer hereby authorizes the establishment of, and there are hereby created with the Depository Bank, the following special accounts within the Bond Construction Trust Fund established under Section 5.01 of the Bond Ordinance:

(1) Account One

(2) Account Two

All proceeds received from the sale of the Series 1990 A Bonds and the Series 1990 B Bonds to the Authority shall be deposited in Account One. All proceeds received from the sale of the Series 1990 C Bonds to the Purchaser shall be deposited in Account Two. Proceeds deposited into Account One shall be kept separate and apart from proceeds deposited into Account Two, and vice versa.

Section 11. The Issuer hereby determines to pay, or reimburse itself for the cost of payment, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 12. 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 Series 1990 A Bonds and the Series 1990 B Bonds may be delivered on or about September 6, 1990, to the Authority pursuant to the Loan Agreement and to the end that the Series 1990 C Bonds may be delivered on or about September 6, 1990, to the Purchaser pursuant to the Letter of Conditions and all amendments thereto as soon as the Purchaser will accept such delivery.

Section 13. 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 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank, subject to any limitations of the Purchaser with respect to the proceeds from the sale of the Series 1990 C Bonds, in time accounts secured by a pledge of Government Obligations with the Depository Bank, and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such time accounts until further directed in writing by the Issuer. Moneys in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund shall be invested by the Municipal Bond Commission in the West Virginia restricted consolidated fund.

Section 15. 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 the temporary and permanent 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 Treasury Regulations promulgated thereunder or to be promulgated thereunder.

Section 16. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private

activity bonds) during the calendar year 1990, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(C) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of September, 1990.

THE TOWN OF BUFFALO

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE TOWN OF BUFFALO on the 4th day of September, 1990.

Dated: September 6, 1990

[SEAL]

Recorder

09/04/90
BUFFALOJ.D6
11610/88001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1990 A

No. AR-1 $280,168

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED EIGHTY THOUSAND, ONE HUNDRED SIXTY-EIGHT DOLLARS ($280,168), 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, 1991. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Bond Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated September 6, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the

"Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on July 2, 1990, and a Supplemental Resolution duly adopted by the Issuer on September 4; .1990 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $12,652, which Series 1990 B Bonds are junior and subordinate with respect to lien, pledge and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $396,000 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS"), EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 B 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 1990 A Bonds Reserve Account and unexpended proceeds of the

Bonds and the Series 1990 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1990 B Bonds, the Series 1990 C Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1990 B Bonds, the Series 1990 C Bonds and any other obligations outstanding prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C 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 Bond 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 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 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 owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the 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 BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated September 6, 1990.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Its Authorized Officer

Town of Buffalo
Debt Service Schedule
Analysis of Borrowing from Series 1990 A Pool
38 Principal Payments
Closing Date: 06-Sep-90

Date	Coupon	Principal	Interest	Debt Service 8.10% Bonds
01-Oct-91	0.00%	0.00	24,269.56	24,269.56
01-Oct-92	8.10%	1,241.00	22,693.61	23,934.61
01-Oct-93	8.10%	1,342.00	22,593.09	23,935.09
01-Oct-94	8.10%	1,450.00	22,484.38	23,934.38
01-Oct-95	8.10%	1,567.00	22,366.93	23,933.93
01-Oct-96	8.10%	1,694.00	22,240.01	23,934.01
01-Oct-97	8.10%	1,831.00	22,102.79	23,933.79
01-Oct-98	8.10%	1,980.00	21,954.48	23,934.48
01-Oct-99	8.10%	2,140.00	21,794.10	23,934.10
01-Oct-2000	8.10%	2,313.00	21,620.76	23,933.76
01-Oct-2001	8.10%	2,501.00	21,433.41	23,934.41
01-Oct-2002	8.10%	2,703.00	21,230.83	23,933.83
01-Oct-2003	8.10%	2,922.00	21,011.89	23,933.89
01-Oct-2004	8.10%	3,159.00	20,775.20	23,934.20
01-Oct-2005	8.10%	3,415.00	20,519.32	23,934.32
01-Oct-2006	8.10%	3,691.00	20,242.71	23,933.71
01-Oct-2007	8.10%	3,990.00	19,943.74	23,933.74
01-Oct-2008	8.10%	4,314.00	19,620.55	23,934.55
01-Oct-2009	8.10%	4,663.00	19,271.11	23,934.12
01-Oct-2010	8.10%	5,041.00	18,893.41	23,934.41
01-Oct-2011	8.10%	5,449.00	18,485.09	23,934.09
01-Oct-2012	8.10%	5,891.00	18,043.72	23,934.72
01-Oct-2013	8.10%	6,368.00	17,566.55	23,934.55
01-Oct-2014	8.10%	6,883.00	17,050.74	23,933.74
01-Oct-2015	8.10%	7,441.00	16,493.22	23,934.22
01-Oct-2016	8.10%	8,044.00	15,890.50	23,934.50
01-Oct-2017	8.10%	8,695.00	15,238.94	23,933.94
01-Oct-2018	8.10%	9,400.00	14,534.64	23,934.64
01-Oct-2019	8.10%	10,161.00	13,773.24	23,934.24
01-Oct-2020	8.10%	10,984.00	12,950.20	23,934.20
01-Oct-2021	8.10%	11,874.00	12,060.50	23,934.50
01-Oct-2022	8.10%	12,836.00	11,098.70	23,934.70
01-Oct-2023	8.10%	13,875.00	10,058.99	23,933.99
01-Oct-2024	8.10%	14,999.00	8,935.11	23,934.11
01-Oct-2025	8.10%	16,214.00	7,720.19	23,934.19
01-Oct-2026	8.10%	17,527.00	6,406.86	23,933.86
01-Oct-2027	8.10%	18,947.00	4,987.17	23,934.17
01-Oct-2028	8.10%	20,482.00	3,452.46	23,934.46
01-Oct-2029	8.10%	22,141.00	1,793.42	23,934.42
		280,168.00	653,602.12	933,770.12

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:

_____

09/05/90
BUFFALOJ.GG1
11610/88001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1990 B

No. BR-1 $12,652

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWELVE THOUSAND SIX HUNDRED FIFTY-TWO DOLLARS ($12,652), 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 (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated September 6, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on July 2, 1990, and a Supplemental Resolution duly adopted by the Issuer on September 4,

//

1990 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1990 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $280,168 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 A BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $396,000 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1990 A Bonds and the Series 1990 C Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1990 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance 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, the Series 1990 A Bonds, the Series 1990 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a

parity with the Series 1990 A Bonds, the Series 1990 C Bonds or the Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve accounts established for the Series 1990 A Bonds and the Series 1990 C Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the Series 1990 A Bonds and the Series 1990 C Bonds in the then current or any succeeding 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.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Bond 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 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 1990 A Bonds and the Series 1990 C Bonds to the extent provided in the Bond Legislation.

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 BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated September 6, 1990.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Buffalo
Debt Service Schedule
Analysis of Borrowing from Series 1990 A
38 Principal Payments
Closing Date: 06-Sep-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	0.00
01-Oct-92	332.85
01-Oct-93	332.95
01-Oct-94	332.95
01-Oct-95	332.95
01-Oct-96	332.95
01-Oct-97	332.95
01-Oct-98	332.95
01-Oct-99	332.95
01-Oct-2000	332.95
01-Oct-2001	332.95
01-Oct-2002	332.95
01-Oct-2003	332.95
01-Oct-2004	332.95
01-Oct-2005	332.95
01-Oct-2006	332.95
01-Oct-2007	332.95
01-Oct-2008	332.95
01-Oct-2009	332.95
01-Oct-2010	332.95
01-Oct-2011	332.95
01-Oct-2012	332.95
01-Oct-2013	332.95
01-Oct-2014	332.95
01-Oct-2015	332.95
01-Oct-2016	332.95
01-Oct-2017	332.95
01-Oct-2018	332.95
01-Oct-2019	332.95
01-Oct-2020	332.95
01-Oct-2021	332.95
01-Oct-2022	332.95
01-Oct-2023	332.95
01-Oct-2024	332.95
01-Oct-2025	332.95
01-Oct-2026	332.95
01-Oct-2027	332.95
01-Oct-2028	332.95
01-Oct-2029	332.95
	12,652.00

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

09/05/90
BUFFALOJ.HH1
11610/88001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1990 C

No. CR-1 $396,000

FOR VALUE RECEIVED, THE TOWN OF BUFFALO (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED NINETY-SIX THOUSAND DOLLARS ($396,000), plus interest on the unpaid principal balance at the rate of 6.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $2,210, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and

maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower authorizing issuance of this Bond and a resolution supplemental thereto duly enacted and adopted (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY WITH THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 A, AND SENIOR AND PRIOR TO THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 B, WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, BOTH ISSUED CONCURRENTLY HEREWITH AND

DESCRIBED IN THE ORDINANCE, EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN THE ORDINANCE.

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated September 6, 1990.

THE TOWN OF BUFFALO
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor
(Title of Executive Official)

Post Office Box 217
(P. O. Box No. or Street Address)

Buffalo, West Virginia 25033
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $

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:

_____

09/05/90
BUFFALOJ.II1
11610/88001

*THIS ORDINANCE WAS AMENDED BY TWO SUPPLEMENTAL RESOLUTIONS ADOPTED DECEMBER 1, 1997, AND MUST BE READ IN CONJUNCTION THEREWITH.

THE TOWN OF BUFFALO

SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM) AND SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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THE TOWN OF BUFFALO

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF BUFFALO, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAT $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF BUFFALO:

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, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments, improvements and extensions to the existing public sewerage system of the Issuer, consisting of a wastewater treatment facility and storm water collection system to serve the manufacturing facility currently being constructed near the Town by Toyota Motor Corporation and other development in and around the Town, together with all appurtenant facilities (collectively, the "Project")(the existing public sewerage system of the Issuer, the Project and any further additions, betterments, improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer previously issued its Sewerage System Construction Notes, Series 1997 (West Virginia Infrastructure Fund), dated April 10, 1997 (the "Series 1997 Notes"), in the aggregate principal amount of not more than $450,000 to finance a portion of the costs of acquisition and construction of the Project which the Issuer was required to incur in advance of issuance of the Series 1997 A Bonds and the Series 1997 B Bonds. The Issue now deems it desirable and hereby does authorize the payment in full of the outstanding principal and interest, if any, of the Series 1997 Notes from the proceeds of the Series 1997 Bonds.

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

E. The Issuer intends to temporarily finance a portion of the costs of acquisition and construction of the Project through the issuance of bond anticipation notes to the West Virginia Water Development Authority, in connection with the West Virginia Infrastructure Fund pursuant to the Act.

F. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $5,000,000 in two series (collectively, the "Series 1997 Bonds"), being the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), in the aggregate principal amount of not more than $1,000,000 (the "Series 1997 A Bonds"), and the Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,000,000 (the "Series 1997 B Bonds"), to finance the payment in full of the outstanding

principal and interest, if any, of the Series 1997 Notes, and to permanently finance a portion of the costs of acquisition and construction of the Project. It is also deemed necessary for the Issuer to issue its Sewerage System Bond Anticipation Notes, Series 1997 (the "Notes"), in the aggregate principal amount of not more than $1,000,000 to temporarily finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the Notes proceeds and the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Notes during the term thereof and upon the Series 1997 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1997 Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1997 Bonds and Notes 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. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 1997 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by ordinance of the Issuer.

I. It is in the best interests of the Issuer that its Notes be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, in form satisfactory to the respective parties, approved hereby if not previously approved by ordinance of the Issuer.

J. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 1997 Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 1997 A Bonds and the Series 1997 B Bonds as follows:

DESIGNATION	LIEN POSITION
Sewer Revenue Bonds, Series 1990 A, dated September 6, 1990, issued in the original aggregate principal amount of $280,168 (the "Series 1990 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1990 C, dated September 6, 1990, issued in the original aggregate principal amount of $396,000 (the "Series 1990 C Bonds")	First Lien
Sewer Revenue Bonds, Series 1990 B, dated September 6, 1990, issued in the original aggregate principal amount of $12,652 (the "Series 1990 B Bonds")	Second Lien

The Series 1990 A Bonds and the Series 1990 C Bonds are hereinafter collectively called the "First Lien Bonds"; and the Series 1990 B Bonds are hereinafter collectively called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 1997 A Bonds and the Series 1997 B Bonds shall be issued on a parity with one another and the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the written consent of the Holders of the First Lien Bonds to the issuance of the Series 1997 Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 1997 Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Notes will be payable from the proceeds of any additional sewer revenue bonds of the Issuer which may be issued for the System, any additional grants which the Issuer may receive for the System, and additional bond anticipation notes which the Issuer may issue upon the maturity of the Notes. The Notes will not be secured by, or be payable from, any revenues of the System.

K. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Series 1997 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein, and in the Prior Ordinance, all as such terms are defined herein.

L. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1997 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1997 Bonds or such final order will not be subject to appeal or rehearing.

M. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1997 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issueobligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1997 Bonds are to be issued.

N. Pursuant to the Act, the West Virginia Infrastructure and Jobs Development Council (the "Council") has approved the Project and has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1997 Bonds and the Notes by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1997 Bonds and the Notes, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A 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 and Registered Owner of the Series 1997 Bonds and the Notes, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 1997 Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 1997 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1997 Bonds from the Authority.

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

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

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

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

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

"Governing Body" means the council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the 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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 1997 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1997 B Bonds and the Notes from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Ordinance.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1997 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. 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 1997 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 or any other proceeds of the Series 1997 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1997 Bonds.

"Notes" means the not more than $1,000,000 in aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Notes Payment Account" means the Notes Payment Account established by Section 5.02 hereof.

"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.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1997 Bonds in the Supplemental Ordinance.

"Prior Bonds" means the Sewer Revenue Bond, Series 1990 A, Sewer Revenue Bond, Series 1990 B, and Sewer Revenue Bond, Series 1990 C, described in Section 1.02G hereof.

"Prior Ordinance" means the ordinance of the Issuer duly adopted July 2, 1990, authorizing the Prior Bonds.

"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.

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

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, 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 State Board of Investments 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1997 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1997 Bonds and the Prior Bonds.

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

"Sanitary Board" means the Sanitary Board of the Issuer.

"Series 1990 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 A, dated September 6, 1990, issued in the original principal amount of $280,168.

"Series 1990 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 B, dated September 6, 1990, issued in the original principal amount of $12,652.

"Series 1990 C Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 C, dated September 6, 1990, issued in the original principal amount of $396,000.

"Series 1997 Bonds" means, collectively, the Series 1997 A Bonds and the Series 1997 B Bonds.

"Series 1997 A Bonds" means the not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 1997 A Bonds Construction Trust Fund" means the Series 1997 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 A Bonds in the then current or any succeeding year.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1997 B Bonds" means the not more than $4,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 1997 B Bonds and Notes Construction Trust Fund" means the Series 1997 B Bonds and Notes Construction Trust Fund established by Section 5.01 hereof.

"Series 1997 B Bonds Reserve Account" means the Series 1997 B Bonds Reserve Account established in the Series 1997 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 B Bonds in the then current or any succeeding year.

"Series 1997 B Bonds Sinking Fund" means the Series 1997 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 1997 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 1997 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Ordinance" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental ordinance authorizing the sale of the Series 1997 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Ordinance with respect to the Series 1997 Bonds, and not so included, may be included in another Supplemental Ordinance.

"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 any other obligations of the Issuer, including, without limitation, any Reserve Accounts and the Renewal and Replacement Fund.

"System" means collectively, the complete existing municipal sewage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $10,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1997 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is estimated not to exceed $10,000,000, of which approximately $1,000,000 will be from proceeds of the Series 1997 A Bonds, approximately $4,000,000 will be from proceeds of the Series 1997 B Bonds, approximately $1,000,000 will be from proceeds of the Notes, approximately $2,671,495 will be from a grant by the Council, approximately $7,500 will be from a grant by the United States Geological Survey, approximately $250,000 will be from a grant by the West Virginia Development Office, approximately $300,000 from a grant by the Council which has been previously received by the Town, and approximately $1,000,000 from a grant by the Office of the Governor of the State of West Virginia, with the remaining moneys to be provided from either the above listed, or other, grant sources.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1997 Bonds, funding reserve accounts for each of the Series 1997 Bonds, defeasing the Series 1997 Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Ordinance, there shall be and hereby are authorized to be issued negotiable Series 1997 Bonds of the Issuer. The Series 1997 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program)," in the principal amount of not more than $1,000,000, and "Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Ordinance. The proceeds of the Series 1997 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 1997 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1997 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Ordinance or as specifically provided in the Loan Agreement. The Series 1997 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1997 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Ordinance, the Series 1997 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 1997 Bonds. The Series 1997 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal

installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Ordinance. The Series 1997 Bonds shall be dated as of the date specified in a Supplemental Ordinance and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1997 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 1997 Bonds shall cease to be such officer of the Issuer before the Series 1997 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1997 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1997 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1997 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1997 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1997 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1997 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1997 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1997 Bonds or transferring the registered Series 1997 Bonds are exercised, all Series 1997 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1997 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 1997 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 Series 1997 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1997 Bonds or, in the case of any proposed redemption of Series 1997 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1997 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1997 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 and amounts, if any, in the respective Sinking Funds and Reserve Accounts. No holder or holders of the Series 1997 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1997 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds and the Series 1997 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, and senior and prior to the lien on such Net Revenues in favor of the Holder of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1997 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1997 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1997 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1997 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1997 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1997 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1997 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Ordinance adopted prior to the issuance thereof:

(FORM OF SERIES 1997 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BONDS, SERIES 1997 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199___, as set forth on said EXHIBIT B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the

"Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly adopted by the Issuer on _____, 199____, and a Supplemental Ordinance duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168, AND (2) SEWER REVENUE BONDS, SERIES 1990 C, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (COLLECTIVELY THE "FIRST LIEN BONDS"), AND (3) SEWER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1997 B BONDS"). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and the Series 1997 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby,

which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 1997 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1997 A Bonds, including the First Lien Bonds and the Series 1997 B Bonds; provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Series 1997 A Bonds, including the First Lien Bonds and the Series 1997 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 Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199___.

_____,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

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 1997 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay the costs of defeasing the Issuer's previously issued and currently outstanding Sewerage System Construction Note, Series 1997 (West Virginia Infrastructure Fund), dated April 10, 1997; (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (iii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iv)] to pay certain costs of issuance hereof and related

costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly adopted by the Issuer on _____, 199____, and a Supplemental Ordinance duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (2) SEWER REVENUE BONDS, SERIES 1990 C, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (THE "FIRST LIEN BONDS"), AND (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1997 A BONDS"). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and the Series 1997 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest thereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to

provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 1997 B Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1997 B Bonds, including the First Lien Bonds and the Series 1997 A Bonds; provided however, that so long as there exists in the Series 1997 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Series 1997 B Bonds, including the First Lien Bonds and the Series 1997 A 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

_____,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(37)	$		(55)	$	
(38)	$		(56)	$	
(39)	$		(57)	$	
(40)	$		(58)	$	
(41)	$		(59)	$	
(42)	$		(60)	$	
(43)	$		(61)	$	
(44)	$		(62)	$	
(45)	$		(63)	$	
(46)	$		(64)	$	
(47)	$		(65)	$	
(48)	$		(66)	$	
(49)	$		(67)	$	
(50)	$		(68)	$	
(51)	$		(69)	$	
(52)	$		(70)	$	
(53)	$		(71)	$	
(54)	$		(72)	$	

TOTAL $_____

EXHIBIT B

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 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1997 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreements 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council a schedule in substantially the form attached to the respective Loan Agreements, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

BOND ANTICIPATION NOTES

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of proceeds from the issuance of additional sewer revenue bonds for the System or proceeds of additional grants received for the System, the Issuer may issue and sell its Sewerage System Bond Anticipation Notes, Series 1997 (the "Notes"), in an aggregate principal amount not to exceed $1,000,000. The Notes shall bear interest, if any, from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in a supplemental resolution.

Section 4.02. Terms of and Security for Notes. The Notes shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in one or more supplemental resolutions.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest, if any, solely from proceeds of any additional sewer revenue bonds of the Issuer which may be issued for the System, any additional grants which the Issuer may receive for the System and any additional bond anticipation notes which the Issuer may issue upon maturity of the Notes. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Supplemental Resolution.

Section 4.04. Covenants of Bond Legislation Application to Notes. All covenants and restrictions contained in the Bond Legislation, where appropriate and to the extent required by the Council, the Authority or the Loan Agreement, are recognized and agreed, by the Issuer to be applicable to the Notes.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 1997 A Bonds Construction Trust Fund; and

(4) Series 1997 B Bonds and Notes Construction Trust Fund.

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

(1) Series 1990 A Bonds Sinking Fund (established by the Prior Ordinance);

(2) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account (established by the Prior Ordinance);

(3) Series 1990 B Bonds Sinking Fund (established by the Prior Ordinance);

(4) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account (established by the Prior Ordinance);

(5) Series 1990 C Bonds Reserve Account (established by the Prior Ordinance);

(6) Series 1997 A Bonds Sinking Fund;

(7) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account;

(8) Series 1997 B Bonds Sinking Fund;

(9) Within the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account; and

(10) Notes Payment 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 in the Prior Ordinance 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 moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund the amounts required by the Prior Ordinance to pay the interest on and principal of the Series 1990 A Bonds; (ii) remit to the National Finance Office designated in the Series 1990 C Bonds, the amounts required to pay the interest on the Series 1990 C Bonds, and to amortize the principal of the Bonds over the life of the Bonds; (iii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iv) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds, for deposit in the Series 1997 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 B Bonds on the next ensuing quarterly principal

payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1990 A Bonds Reserve Account the amount required by the Prior Ordinance; (ii) remit to the Commission for deposit in the Series 1990 C Bonds Reserve Account the amount required by the Prior Ordinance, (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds, if not fully funded upon issuance of the Series 1997 B Bonds, remit to the Commission for deposit in the Series 1997 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 B Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinance and not in addition thereto), an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1990 A Bonds

Reserve Account, the Series 1990 C Bonds Reserve Account, the Series 1997 A Bonds Reserve Account and the Series 1997 B 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 hereby] shall be promptly eliminated with moneys from the Renewal and Replacement Fund on a pro rata basis, and thereafter, any deficiencies in the Series 1990 B 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 hereby] shall next be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

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

(7) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used by the Issuer to prepay portions of the principal amount of the First Lien Bonds, pro rata, or for any lawful purpose of the System.

Moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 A Bonds and the Series 1997 B Bonds, respectively, as the same shall become due. Moneys in the Series 1997 A Bonds Reserve Account and the Series 1997 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 A Bonds and the Series 1997 B Bonds, respectively, as the same shall come due, when other moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction

of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1997 A Bonds and the Series 1997 B Bonds, respectively, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 A Bonds Reserve Account or the Series 1997 B Bonds Reserve Account which result in a reduction in the balance of the Series 1997 A Bonds Reserve Account or the Series 1997 B Bonds Reserve Account to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1997 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund or the Series 1997 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1997 A Bonds and the Series 1997 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1997 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Moneys in the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A Bonds and the Series 1997 B 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. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1997 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1997 A Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1997 A Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1997 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1997 A Bonds, there shall first be deposited with the Commission in the Series 1997 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Ordinance as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 A Bonds for the period commencing on the date of issuance of the Series 1997 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 1997 B Bonds, there shall first be deposited with the Commission in the Series 1997 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Ordinance as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 B Bonds for the period commencing on the date of issuance of the Series 1997 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1997 A Bonds, there shall be deposited with the Commission in the Series 1997 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Ordinance for funding the Series 1997 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 1997 B Bonds, there shall be deposited with the Commission in the Series 1997 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Ordinance for funding the Series 1997 B Bonds Reserve Account.

E. Next, from the proceeds of the Series 1997 B Bonds, there shall be deposited with the Commission funds sufficient to defease the Series 1997 Notes.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1997 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

G. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 B Bonds and the Notes, such moneys shall be deposited with the

Depository Bank in the Series 1997 B Bonds and Notes Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

H. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1997 A Bonds and the Series 1997 B shall be applied as directed by the DEP, the Council and the Authority.

Section 6.02. Disbursements From Construction Trust Funds.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1997 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1997 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1997 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to, and approval from, the Authority and the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1997 A Bonds, and

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

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

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

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

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

B. The Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1997 B Bonds and Notes Construction Trust Fund (except for the costs of issuance of the Series 1997 B Bonds and the Notes which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the respective Bond Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1997 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1997 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1997 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1997 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1997 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1997 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds and the Series 1997 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the First Lien Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1990 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1997 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be the current rates of the System and any rates pursuant to specific contracts for the provision of services into which the Issuer may enter, and such rates are hereby ratified and adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 1997 Bonds and the Notes are outstanding and except as otherwise required by law or

with the written consent of the DEP, the Authority and the Council, 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 pledge created by this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1997 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written consent of the DEP, the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1997 Bonds. Any balance remaining after the payment of the Series 1997 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, the Issuer shall, by ordinance duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by ordinance duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1997 Bonds. All obligations issued by the Issuer after the issuance of the Series 1997 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 1997 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1997 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 1997 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1997 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the DEP and the Council under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1997 Bonds.

No such Parity Bonds shall be issued except for the purpose of payment of the Notes, financing the costs of the acquisition or construction of additions, betterments or improvements to the System or refunding any outstanding Bonds, or all 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, 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, if any, on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the 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 Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the 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 revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1997 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1997 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.

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner

and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the DEP, the Council, the Authority, or any other original purchaser of the Series 1997 Bonds, and shall mail in each year to any Holder or Holders of the Series 1997 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with OMB Circular 128 (and any successor thereto) and the Single Audit Act (and any successor thereto) 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 the Series 1997 Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 1997 Bonds. Such audit report submitted to the DEP, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in

EXHIBIT E of the Loan Agreement for the Series 1997 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges 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. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1997 Bonds, including the First Lien Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account and the reserve account for obligations on a parity with the Series 1997 Bonds, including the First Lien Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1997 Bonds, including the First Lien Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by ordinance a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by 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 ordinance 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 ordinances authorizing increased expenditures for operation and maintenance to the DEP, the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all ordinances authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 and the Single Audit Act, the report of which audit shall be submitted to the DEP, the Authority and the Council 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 and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the DEP, the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP, the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the

Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 1997 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 25% complete and shall retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a termination agreement with the water provider, subject to any required approval of such

agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1997 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia, if necessary, for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreements and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreements and shall by Supplemental Ordinance approve such additional terms and conditions set forth in the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Council with copies of all documents submitted to the Authority.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1997 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 1997 Bonds during the term thereof is, under the terms of the Series 1997 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 Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1997 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 1997 Bonds during the term thereof is, under the terms of the Series 1997 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 Issuer, 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 1997 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1997 Bonds are for the purpose of financing more than one project,

a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1997 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1997 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1997 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1997 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts. A. The Issuer shall, simultaneously with the delivery of the Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer will submit all proposed change orders to the Council for written approval. The Issuer will obtain the written approval of the Council before expending any proceeds of the Series 1997 B Bonds held in "contingency" as set forth in the final Schedule B to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 1997 B Bonds made available due to bid or construction or project underruns.

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1997 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants 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 Series 1997 Bonds which would cause the Series 1997 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and 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 1997 Bonds) so that the interest, if

any, on the Series 1997 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 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1997 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1997 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1997 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 1997 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1997 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations form time to time in effect and applicable to the Series 1997 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its

rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1997 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1997 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1997 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1997 Bonds set forth in this Bond Legislation, any supplemental ordinance or in the Series 1997 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1997 Bonds shall be on a parity with the Holders of the First Lien Bonds, and senior and prior to the Holders of the Series 1990 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and

making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1997 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 1997 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 1997 Bonds from gross income for federal income tax purposes.

Series 1997 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 either at maturity or at the next redemption date, the principal installments of and interest on such Series 1997 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 1997 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 1997 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1997 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the 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. Prior to issuance of the Series 1997 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Ordinance. Following issuance of the Series 1997 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1997 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1997 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1997 Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1997 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1997 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 Ordinance, or the Series 1997 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. Conflicting Provisions Repealed; Prior Ordinance. All ordinances, orders or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of

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

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. 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 Putnam Democrat, a newspaper of general circulation in The Town of Buffalo, no qualified newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 1997 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:	-	November 10, 1997
Passed on Second Reading:	-	November 17, 1997
Passed on Final Reading Following Public Hearing:	-	December 1, 1997

Bill Whittington
Mayor

CERTIFICATION

Certified a true copy of a Ordinance duly adopted by the Council of THE TOWN OF BUFFALO on the 17th day of November, 1997.

Dated: Dec. 4, 1997.

[SEAL]

Mary Y. Hudson
Recorder

10/24/97
116100/97001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1997 A (West Virginia SRF Program),
Series 1997 B (West Virginia Infrastructure Fund), and
Series 1997 C (West Virginia Infrastructure Fund), and
Sewerage System Bond Anticipation Notes, Series 1997
(West Virginia Infrastructure Fund)

FIRST SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO; RATIFYING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Buffalo (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective December 1, 1997 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF BUFFALO, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA

INFRASTRUCTURE FUND), AND NOT MORE THAT $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), and Series 1997 B (West Virginia Infrastructure Fund), of the Issuer (individually, the "Series 1997 A Bonds" and the "Series 1997 B Bonds"), in the respective aggregate principal amounts not to exceed $1,000,000 and $4,000,000, and has authorized the execution and delivery of the respective loan agreements relating to the Bonds (collectively, the "Loan Agreements"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreements and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price 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 Issuer has determined it advisable and has therefore decided to issue a portion of the Series 1997 B Bonds as a separate series of bonds to be entitled Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund) (the "Series 1997 C Bonds"), in the aggregate principal amount of not to exceed $1,000,000, pursuant to a loan agreement (collectively part of the "Loan Agreements") by and between the Issuer and the Authority, on behalf of the Council, the total aggregate principal amount of the Series 1997 B Bonds and the Series 1997 C Bonds not to exceed $4,000,000 (collectively, the Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds are herein referred to as the "Bonds"), all in accordance with the Act; and the form of the Loan Agreements and the exact

principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 1997 C Bonds shall be established by this supplemental resolution, and that other matters relating to the Series 1997 C Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be ratified and approved by the Issuer, that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates and the sale price 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 BUFFALO:

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

A. The Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $600,000. The Series 1997 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2019, and shall bear no interest. The principal of the Series 1997 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1999, and ending March 1, 2019, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1997 A Bonds. The Series 1997 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1997 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 1997 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

B. The Sewer Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,032,192. The Series 1997 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2037, and shall bear no interest. The principal of the Series 1997 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1999, and ending December 1, 2037, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1997 B Bonds. The Series 1997 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1997 B Bonds.

C. The Sewer Revenue Bonds, Series 1997 C (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $600,000. The Series 1997 C Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2037, and shall bear no interest. The principal of the Series 1997 C Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2019, or such earlier or later date as provided for in Section 5.03A(3) of the Bond Ordinance, and ending December 1, 2037, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1997 C Bonds. The Series 1997 C Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement so long as the Authority shall be the registered owner of the Series 1997 C Bonds. The Issuer does hereby approve and shall pay the Council Administrative Fee equal to 1% of the principal amount of the Series 1997 C Bonds set forth in "Schedule Y" attached to the Loan Agreement.

Section 2. The Series 1997 C Bonds shall be issued on a parity with respect to liens, pledge and source of and security for payment with the Series 1990 A Bonds, the Series 1990 C Bonds, the Series 1997 A Bonds and the Series 1997 B Bonds, and senior and prior to the Series 1990 B Bonds, and all covenants and restrictions contained in the Prior Ordinance, the Bond Ordinance and any supplemental resolution amendatory thereof, where appropriate and to the extent required by the Council, the Authority or the Loan Agreements, are recognized and agreed by the Issuer to be applicable to the Series 1997 C Bonds.

Section 3. The text of the Series 1997 C Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any supplemental resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1997 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1997 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, or such earlier or later date as provided for in Section 5.03A(3) of the hereinafter defined Bond Legislation, with no interest. The Council Administrative Fee shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199___, as set forth on said EXHIBIT B. Notwithstanding anything herein to the contrary, the final installment on this Bond shall be paid at the end of forty years from the date of this Bond in the sum of the unpaid principal and Council Administrative Fee on the date thereof.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly adopted by the Issuer on _____, 199____, and a Supplemental Ordinance duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (2) SEWER REVENUE BONDS, SERIES 1990 C, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"), (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1997 A BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1997 B BONDS"). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, the Series 1997 A Bonds and the Series 1997 B Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 C Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act

and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest thereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 1997 C Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1997 C Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds, and the Series 1997 B Bonds; provided however, that so long as there exists in the Series 1997 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Series 1997 C Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds and the Series 1997 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

_____,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

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 4. As permitted under Section 11.01 of the Ordinance, Article V of the Ordinance shall be amended and restated as follows:

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 1997 A Bonds Construction Trust Fund;

(4) Series 1997 B and Series 1997 C Bonds Construction Trust Fund;

(5) Series 1997 Bond Anticipation Notes Construction Trust Fund; and

(6) Town of Buffalo Sewer Grant Receipts Construction Fund.

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

(1) Series 1990 A Bonds Sinking Fund (established by the Prior Ordinance);

(2) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account (established by the Prior Ordinance);

(3) Series 1990 B Bonds Sinking Fund (established by the Prior Ordinance);

(4) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account (established by the Prior Ordinance);

(5) Series 1990 C Bonds Reserve Account (established by the Prior Ordinance);

(6) Series 1997 A Bonds Sinking Fund;

(7) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account;

(8) Series 1997 B Bonds Sinking Fund;

(9) Within the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account;

(10) Series 1997 C Bonds Sinking Fund;

(11) Within the Series 1997 C Bonds Sinking Fund, the Series 1997 C Bonds Reserve Account; and

(12) Notes Payment 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 in the Prior Ordinance 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 moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund the amounts required by the Prior Ordinance to pay the interest on and principal of the Series 1990 A Bonds; (ii) remit to the National Finance Office designated in the Series 1990 C Bonds, the amounts required to pay the interest on the Series 1990 C Bonds, and to amortize the principal of the Bonds over the life of the Bonds; (iii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, remit to the Commisision for

deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; (iv) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds, remit to the Commission for deposit in the Series 1997 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (v) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 C Bonds or commencing the month after the last date of payment of principal of the Series 1997 A Bonds, whichever occurs first, remit to the Commission for deposit in the Series 1997 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1990 A Bonds Reserve Account the amount required by the Prior Ordinance; (ii) remit to the Commission for deposit in the Series 1990 C Bonds Reserve Account the amount required by the Prior Ordinance, (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account,

an amount equal to 1/120th of the Series 1997 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement; (iv) commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds, if not fully funded upon issuance of the Series 1997 B Bonds, remit to the Commission for deposit in the Series 1997 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 B Bonds Reserve Requirement; and (v) commencing 3 months prior to the first date of payment of principal of the Series 1997 C Bonds, if not fully funded upon issuance (or prior to loan payment) of the Series 1997 C Bonds, remit to the Commission for deposit in the Series 1997 C Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 C 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 1997 C Bonds Reserve Requirement

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinance and not in addition thereto), an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1990 A Bonds Reserve Account, the Series 1990 C Bonds Reserve Account, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account and the Series 1997 C 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 hereby] shall be promptly eliminated with moneys from the Renewal and Replacement Fund on a

pro rata basis, and thereafter, any deficiencies in the Series 1990 B 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 hereby] shall next be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

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

(7) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used by the Issuer to prepay portions of the principal amount of the First Lien Bonds, pro rata, or for any lawful purpose of the System.

Moneys in the Series 1997 A Bonds Sinking Fund, the Series 1997 B Bonds Sinking Fund and the Series 1997 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds, respectively, as the same shall become due. Moneys in the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account and the Series 1997 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds, respectively, as the same shall come due, when other moneys in the Series 1997 A Bonds Sinking Fund, the Series 1997 B Bonds Sinking Fund and the Series 1997 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account, the Series 1997 C Bonds Sinking Fund, and the Series 1997 C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any,

due on the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds, respectively, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account or the Series 1997 C Bonds Reserve Account which result in a reduction in the balance of the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account or the Series 1997 C Bonds Reserve Account to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1997 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account, the Series 1997 C Bonds Sinking Fund or the Series 1997 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1997 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account, the Series 1997 C Bonds Sinking Fund and the Series 1997 C Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account, the Series 1997 C Bonds Sinking Fund and the Series 1997 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account, the Series 1997 C Bonds Sinking Fund and the Series 1997 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1997 C 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. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1997 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1997 A Bonds. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the Council Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1997 C Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1997 A Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

the Authority or the Council at anytime, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 5. As permitted under Section 11.01 of the Ordinance, Article VI of the Ordinance shall be amended and restated as follows:

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1997 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1997 A Bonds, there shall first be deposited with the Commission in the Series 1997 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 A Bonds for the period commencing on the date of issuance of the Series 1997 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 1997 B Bonds, there shall first be deposited with the Commission in the Series 1997 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 B Bonds for the period commencing on the date of issuance of the Series 1997 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. From the proceeds of the Series 1997 C Bonds, there shall first be deposited with the Commission in the Series 1997 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 C Bonds for the period commencing on the date of issuance of the Series 1997 C Bonds and ending 6 months after the estimated date of completion of construction of the Project.

D. Next, from the proceeds of the Series 1997 A Bonds, there shall be deposited with the Commission in the Series 1997 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 A Bonds Reserve Account.

E. Next, from the proceeds of the Series 1997 B Bonds, there shall be deposited with the Commission in the Series 1997 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 B Bonds Reserve Account.

F. Next, from the proceeds of the Series 1997 C Bonds, there shall be deposited with the Commission in the Series 1997 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 C Bonds Reserve Account.

G. Next, from the proceeds of the Series 1997 B Bonds, there shall be deposited with the Commission funds sufficient to pay in full the Series 1997 Notes.

H. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1997 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

I. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 B Bonds and the Series 1997 C Bonds, such moneys shall be deposited with the Depository Bank in the Series 1997 B and Series 1997 C Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

J. As the Issuer receives advances of the remaining moneys derived from the sale of the Notes, such moneys shall be deposited with the Depository Bank in the Series 1997 Bond Anticipation Notes Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

K. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1997 C Bonds and the Notes shall be applied as directed by the DEP, the Council and the Authority, respectively.

Section 6.02. Disbursements From Construction Trust Funds.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1997 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1997 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1997 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to, and approval from, the Authority and the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1997 A Bonds, and

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

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

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

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

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

B. The Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1997 B and Series 1997 C Bonds Construction Trust Fund and the Series 1997 Bond Anticipation Notes Construction Fund (except for the costs of issuance of the Series 1997 B Bonds, the Series 1997 C Bonds and the Notes which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the respective Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 5. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 6. The Issuer does hereby ratify, approve and accept the Loan Agreements, a copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 7. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 9. The Issuer does hereby appoint and designate City National Bank, Eleanor, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 10. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Sinking Fund, as capitalized interest.

Section 11. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Reserve Account.

Section 12. Series 1997 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 B Bonds Sinking Fund, as capitalized interest.

Section 13. Series 1997 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 B Bonds Reserve Account.

Section 14. Series 1997 C Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 C Bonds Sinking Fund, as capitalized interest.

Section 15. Series 1997 C Bonds proceeds in the amount of -0- shall be deposited in the Series 1997 C Bonds Reserve Account.

Section 16. Series 1997 B Bonds proceeds in the amount of $400,000 shall be paid as payment in full of the Issuer's Sewerage System Construction Notes, Series 1997 (West Virginia Instructure Fund), dated April 10, 1997.

Section 17. The balance of the proceeds of the Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds as received from the Council from time to time for payment of costs of the Project, including costs of issuance of the Bonds and related costs.

Section 18. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 4, 1997, to the Authority pursuant to the Loan Agreements.

Section 19. The acquisition and construction of the Project and the financing thereof 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 20. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 21. 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 Treasury Regulations to be promulgated thereunder.

Section 22. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 1st day of December, 1997.

THE TOWN OF BUFFALO

Bill Whittaker

Mayor

CERTIFICATION

Certified a true copy of a First Supplemental Resolution duly adopted by the Council of The Town of Buffalo on the 1st day of December, 1997.

Dated: December 4, 1997.

[SEAL]

Faye Y. Hudson
Recorder

11/26/97
116100/97001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1997 A (West Virginia SRF Program),
Series 1997 B (West Virginia Infrastructure Fund), and
Series 1997 C (West Virginia Infrastructure Fund), and
Sewerage System Bond Anticipation Notes, Series 1997
(West Virginia Infrastructure Fund)

SECOND SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, REDEMPTION PROVISION AND OTHER TERMS OF THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF BUFFALO; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

WHEREAS, the council (the "Governing Body") of The Town of Buffalo (the "Issuer") has duly and officially enacted an Ordinance, effective December 1, 1997, entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF BUFFALO, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAT $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES

1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Governing Body of the Issuer has duly and officially adopted a First Supplemental Resolution, effective December 1, 1997 (the aforementioned Ordinance and First Supplemental Resolution are collectively referred to herein as the "Ordinance"), entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND) OF THE TOWN OF BUFFALO; RATIFYING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

WHEREAS, the Ordinance provides for the issuance of the Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Notes"), of the Issuer, in the aggregate principal amount of not more than $1,000,000, and has authorized the execution and delivery of a loan agreement relating to the Notes (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Ordinance, it is provided that the principal amount, date, maturity date, interest rate, interest and principal payment dates,

redemption provision and other terms of the Notes should be established by a Supplemental Resolution thereto and that other matters relating to the Notes be therein provided for;

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

WHEREAS, the Notes 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 "Second Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the principal amount, date, maturity date, interest rate, interest and principal payment dates, redemption provision and other terms of the Notes be fixed hereby in the manner stated herein, and that other matters relating to the Notes be herein provided for;

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

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Bond Anticipation Notes, Series 1997 (West Virginia Infrastructure Fund), of the Issuer, initially represented by a single Note, numbered R-1, in the principal amount of $636,203, or such lesser amount as shall have been advanced, as set forth in the Record of Advances attached to the Note. The Notes shall be dated the date of delivery thereof and shall bear no interest. The entire outstanding principal shall be payable on December 1, 2002, as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Notes. The Notes shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Notes.

Section 2. As permitted under Section 11.01 of the Ordinance, Article IV of the Ordinance shall be amended and restated to include the following sections:

Section 4.05. Refunding of Notes. In the event proceeds of the grants for the System and/or proceeds of revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes, are not sufficient or available on a timely basis to pay the Notes in full by the maturity date of the Notes, the Issuer covenants and agrees to issue and sell its refunding notes or bonds in an amount sufficient to pay the entire outstanding principal of and interest, if any, accrued on the Notes in full.

Section 4.06. Prohibition of Other Loans. So long as the Notes are outstanding, no bonds, notes or other evidences of indebtedness, secured by the System or the proceeds of any grants, revenue bonds or bond anticipation notes for the System, shall be issued by the Issuer without the prior written consent of the Authority and the

Council; provided however, that the Issuer may issue refunding notes or bonds to pay the entire outstanding principal of and interest, if any, accrued on the Notes in full.

Section 4.07. Establishment of Series 1997 Bond Anticipation Notes Construction trust Fund; Application of Notes Proceeds. There is hereby created and established with the Depository Bank, to be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from all other funds or accounts of the Issuer, the Series 1997 Bond Anticipation Notes Construction Trust Fund. The moneys derived from the sale of the Notes shall be deposited with the Depository Bank in the Series 1997 Bond Anticipation Notes Construction Trust Fund and applied solely to the payment of the costs of the Project and the costs of issuance and related costs.

Section 4.08. Establishment of Series 1997 Bond Anticipation Notes Payment Fund. There is hereby created and established with the Commission, to be held by the Commission separate and apart from all other funds or accounts of the Commission and from all other funds or accounts of the Issuer, the Series 1997 Bond Anticipation Notes Payment Fund. Upon receipt of proceeds of any grant for the System, an amount of the proceeds of such grant sufficient to pay the entire outstanding principal of and interest, if any, accrued on the Notes in full, or an amount sufficient to pay a portion of the outstanding principal of and interest, if any, accrued on the Notes if the amount of the proceeds of such grant is not sufficient to pay the Notes in full, shall be deposited in the Series 1997 Bond Anticipation Notes Payment Fund. In the event proceeds of such grant are not sufficient or available to pay the Notes in full, then upon the issuance of the revenue bonds, refunding bonds or other obligations of the Issuer, an amount of the proceeds of such revenue bonds, refunding bonds or other obligations of the Issuer sufficient to pay the entire outstanding principal of and interest, if any, accrued on the Notes in full shall be deposited in the Series 1997 Bond Anticipation Notes Payment Fund. All moneys deposited in the Series 1997 Bond Anticipation Notes Payment Fund shall be paid by the Commission to the Authority on the maturity date of the Notes, or such earlier date if so directed by the Issuer, in full payment of the entire outstanding principal of and interest, if any, accrued on the Notes. Until payment in full of the entire outstanding principal of and interest, if any, accrued on the Notes, all moneys deposited in the Series 1997 Bond Anticipation Notes Payment Fund shall be held in trust for the Authority, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the Notes in full and the charges, if any, of the Paying Agent.

Any moneys remaining in the Series 1997 Bond Anticipation Notes Payment Fund, after the payment of the Notes in full and all charges of the Paying Agent, shall be returned to the Issuer to be used for any lawful purpose of the System.

Section 4.09. Investment of Funds. Pending application as provided above, any moneys held in the Series 1997 Bond Anticipation Notes Construction Trust

Fund and the Series 1997 Bond Anticipation Notes Payment Fund shall be invested and reinvested by the Depository Bank at the direction of the Issuer to the fullest extent possible under applicable laws, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

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

Section 3. All other provisions of the Notes shall be in substantially the form provided in the Ordinance, except as amended by this Second Supplemental Resolution. The text of the Notes shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby:

(FORM OF NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWERAGE SYSTEM BOND ANTICIPATION NOTE, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer") for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the _____ day of _____, 20_, the principal sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached hereto and incorporated herein by reference as a part hereof, with no interest.

The principal of this Note is payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Note 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 by and between the Issuer and the Authority, dated _____, 199____.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project") (the Project, the existing public sewerage system of the Issuer and any further additions, betterments and improvements thereto, are hereinafter collectively referred to as the "System") and (ii) to pay the costs of issuance hereof and related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199___, a First Supplemental Resolution duly adopted by the Issuer on _____, 199___, and a Second

Supplemental Resolution duly adopted by the Issuer on _____, 199__ (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of this Note is payable only from and secured by a first lien on the proceeds of any additional sewer revenue bonds of the Issuer which may be issued for the System, any additional grants which the Issuer may receive for the System and any additional bond anticipation notes which the Issuer may issue upon maturity of the Notes. The moneys from these sources shall be deposited into the Series 1997 Bond Anticipation Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of _____, _____, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Notes 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 Note.

Under the Act, this Note is exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in issuance of this Note exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Note to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Note to be dated _____, 199___.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 199__.

_____,
as Registrar

By_____
Authorized Officer

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

_____

IN THE PRESENCE OF:

_____

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

Section 4. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Notes shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Notes shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), for the Notes and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Notes, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Notes.

Section 7. All proceeds of the Notes shall be deposited in or credited to the Series 1997 Bond Anticipation Notes Construction Trust Fund as received from time to time for payment of costs of the Project, including costs of issuance of the Notes and related costs.

Section 8. Note proceeds in the amount of $456,797.32 shall be paid, at closing, to One Valley Bank, NA, as payment in full of the outstanding note from the Putnam County Development Authority, dated July 11, 1997, the proceeds of which were made available to the Issuer to pay preliminary costs of the Project.

Section 9. The Mayor and the Recorder are hereby authorized and directed to execute and deliver the Notes and such other documents and certificates required or desirable in connection with the Notes hereby and by the Ordinance approved and provided for, to the end that the Notes may be delivered to the Authority on or about December 4, 1997, pursuant to the Loan Agreement.

Section 10. The Issuer hereby appoints and designates City National Bank, Eleanor, West Virginia, as the Depository Bank under the Ordinance.

Section 11. The acquisition and construction of the Project and the temporary financing thereof with proceeds of the Notes 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 12. This Second Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 1st day of December, 1997.

Bill McWhorter

Mayor

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Council of The Town of Buffalo on the 1st day of December, 1997.

Dated: December 4, 1997.

[SEAL]

Recorder

12/01/97
116100/97001

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BONDS, SERIES 1997 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $600,000

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SIX HUNDRED THOUSAND DOLLARS ($600,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1999, as set forth on said EXHIBIT B.

SPECIMEN

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated November 12, 1997.

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

enacted by the Issuer on December 1, 1997, a First Supplemental Resolution duly adopted by the Issuer on December 1, 1997, and a Second Supplemental Resolution duly adopted by the Issuer on December 1, 1997 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168, AND (2) SEWER REVENUE BONDS, SERIES 1990 C, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (COLLECTIVELY THE "FIRST LIEN BONDS"), (3) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,192 (THE "SERIES 1997 B BONDS") AND (4) SEWER REVENUE BONDS, SERIES 1997 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THEORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 C BONDS). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 1997 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or

subordinate to, the Series 1997 A Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 B Bonds and the Series 1997 C Bonds; provided however, that so long as there exists in the Series A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with, or subordinate to, the Series 1997 A Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 B Bonds and the Series 1997 C 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 Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated December 4, 1997.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 4, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$45,500	12/4/97	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

SCHEDULE Y

Town of Buffalo, West Virginia
$600,000.00 SRF Loan
20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/1999	-	-	-
6/01/1999	7,500.00	-	7,500.00
9/01/1999	7,500.00	-	7,500.00
12/01/1999	7,500.00	-	7,500.00
3/01/2000	7,500.00	-	7,500.00
6/01/2000	7,500.00	-	7,500.00
9/01/2000	7,500.00	-	7,500.00
12/01/2000	7,500.00	-	7,500.00
3/01/2001	7,500.00	-	7,500.00
6/01/2001	7,500.00	-	7,500.00
9/01/2001	7,500.00	-	7,500.00
12/01/2001	7,500.00	-	7,500.00
3/01/2002	7,500.00	-	7,500.00
6/01/2002	7,500.00	-	7,500.00
9/01/2002	7,500.00	-	7,500.00
12/01/2002	7,500.00	-	7,500.00
3/01/2003	7,500.00	-	7,500.00
6/01/2003	7,500.00	-	7,500.00
9/01/2003	7,500.00	-	7,500.00
12/01/2003	7,500.00	-	7,500.00
3/01/2004	7,500.00	-	7,500.00
6/01/2004	7,500.00	-	7,500.00
9/01/2004	7,500.00	-	7,500.00
12/01/2004	7,500.00	-	7,500.00
3/01/2005	7,500.00	-	7,500.00
6/01/2005	7,500.00	-	7,500.00
9/01/2005	7,500.00	-	7,500.00
12/01/2005	7,500.00	-	7,500.00
3/01/2006	7,500.00	-	7,500.00
6/01/2006	7,500.00	-	7,500.00
9/01/2006	7,500.00	-	7,500.00
12/01/2006	7,500.00	-	7,500.00
3/01/2007	7,500.00	-	7,500.00
6/01/2007	7,500.00	-	7,500.00
9/01/2007	7,500.00	-	7,500.00
12/01/2007	7,500.00	-	7,500.00
3/01/2008	7,500.00	-	7,500.00
6/01/2008	7,500.00	-	7,500.00
9/01/2008	7,500.00	-	7,500.00
12/01/2008	7,500.00	-	7,500.00
3/01/2009	7,500.00	-	7,500.00
6/01/2009	7,500.00	-	7,500.00
9/01/2009	7,500.00	-	7,500.00
12/01/2009	7,500.00	-	7,500.00
3/01/2010	7,500.00	-	7,500.00

Town of Buffalo, West Virginia
$600,000.00 SRF Loan
20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2010	7,500.00	-	7,500.00
9/01/2010	7,500.00	-	7,500.00
12/01/2010	7,500.00	-	7,500.00
3/01/2011	7,500.00	-	7,500.00
6/01/2011	7,500.00	-	7,500.00
9/01/2011	7,500.00	-	7,500.00
12/01/2011	7,500.00	-	7,500.00
3/01/2012	7,500.00	-	7,500.00
6/01/2012	7,500.00	-	7,500.00
9/01/2012	7,500.00	-	7,500.00
12/01/2012	7,500.00	-	7,500.00
3/01/2013	7,500.00	-	7,500.00
6/01/2013	7,500.00	-	7,500.00
9/01/2013	7,500.00	-	7,500.00
12/01/2013	7,500.00	-	7,500.00
3/01/2014	7,500.00	-	7,500.00
6/01/2014	7,500.00	-	7,500.00
9/01/2014	7,500.00	-	7,500.00
12/01/2014	7,500.00	-	7,500.00
3/01/2015	7,500.00	-	7,500.00
6/01/2015	7,500.00	-	7,500.00
9/01/2015	7,500.00	-	7,500.00
12/01/2015	7,500.00	-	7,500.00
3/01/2016	7,500.00	-	7,500.00
6/01/2016	7,500.00	-	7,500.00
9/01/2016	7,500.00	-	7,500.00
12/01/2016	7,500.00	-	7,500.00
3/01/2017	7,500.00	-	7,500.00
6/01/2017	7,500.00	-	7,500.00
9/01/2017	7,500.00	-	7,500.00
12/01/2017	7,500.00	-	7,500.00
3/01/2018	7,500.00	-	7,500.00
6/01/2018	7,500.00	-	7,500.00
9/01/2018	7,500.00	-	7,500.00
12/01/2018	7,500.00	-	7,500.00
3/01/2019	7,500.00	-	7,500.00
TOTAL	600,000.00	-	600,000.00 *

*Plus $759.38 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $60,750.40.

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:

_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF BUFFALO
SEWER REVENUE BOND, SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,032,192

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of TWO MILLION THIRTY-TWO THOUSAND ONE HUNDRED NINETY-TWO DOLLARS ($2,032,192), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

SPECIMEN

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 4, 1997.

This Bond is issued (i) to pay the costs of defeasing the Issuer's previously issued and currently outstanding Sewerage System Construction Note, Series 1997 (West Virginia Infrastructure Fund), dated April 10, 1997; (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31,

Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly adopted by the Issuer on December 1, 1997, a First Supplemental Resolution duly enacted by the Issuer on December 1, 1997, and a Second Supplemental Resolution duly adopted by the Issuer on December 1, 1997 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990 A, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $280,168 (2) SEWER REVENUE BONDS, SERIES 1990 C, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $396,000 (THE "FIRST LIEN BONDS"), (3) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $600,000 (THE "SERIES 1997 A BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1997, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,032,192 (THE "SERIES 1997 B BONDS"). THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 B, DATED SEPTEMBER 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,652 (THE "SERIES 1990 B BONDS"). THE FIRST LIEN BONDS AND THE SERIES 1990 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, the Series 1997 A Bonds and the Series 1997 C Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest thereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 1997 B Bonds, and all

other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 1997 B Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds and the Series 1997 C Bonds; provided however, that so long as there exists in the Series 1997 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with, or subordinate to, the Series 1997 B Bonds, including the First Lien Bonds, the Series 1990 B Bonds, the Series 1997 A Bonds and the Series 1997 C 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF BUFFALO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated December 4, 1997.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 4, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$410,488	12/4/97	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Buffalo

$203,492

Infrastructure Fund Loan

Term (Yrs.): 40 Loan Rate: 0.00%

First Payment: 06/01/99 Final Payment: 12/1/37

Date	#	Principal	Interest	Total
6/1/99	1	13110.92	0.00	13110.92
9/1/99	2	13110.92	0.00	13110.92
12/1/99	3	13110.92	0.00	13110.92
3/1/00	4	13110.92	0.00	13110.92
6/1/00	5	13110.92	0.00	13110.92
9/1/00	6	13110.92	0.00	13110.92
12/1/00	7	13110.92	0.00	13110.92
3/1/01	8	13110.92	0.00	13110.92
6/1/01	9	13110.92	0.00	13110.92
9/1/01	10	13110.92	0.00	13110.92
12/1/01	11	13110.92	0.00	13110.92
3/1/02	12	13110.92	0.00	13110.92
6/1/02	13	13110.92	0.00	13110.92
9/1/02	14	13110.92	0.00	13110.92
12/1/02	15	13110.92	0.00	13110.92
3/1/03	16	13110.92	0.00	13110.92
6/1/03	17	13110.92	0.00	13110.92
9/1/03	18	13110.92	0.00	13110.92
12/1/03	19	13110.92	0.00	13110.92
3/1/04	20	13110.92	0.00	13110.92
6/1/04	21	13110.92	0.00	13110.92
9/1/04	22	13110.92	0.00	13110.92
12/1/04	23	13110.92	0.00	13110.92
3/1/05	24	13110.92	0.00	13110.92
6/1/05	25	13110.92	0.00	13110.92
9/1/05	26	13110.92	0.00	13110.92
12/1/05	27	13110.92	0.00	13110.92
3/1/06	28	13110.92	0.00	13110.92
6/1/06	29	13110.92	0.00	13110.92
9/1/06	30	13110.92	0.00	13110.92
12/1/06	31	13110.92	0.00	13110.92
3/1/07	32	13110.92	0.00	13110.92
6/1/07	33	13110.92	0.00	13110.92
9/1/07	34	13110.92	0.00	13110.92

12/1/07	35	13110.92	0.00	13110.92
3/1/08	36	13110.92	0.00	13110.92
6/1/08	37	13110.92	0.00	13110.92
9/1/08	38	13110.92	0.00	13110.92
12/1/08	39	13110.92	0.00	13110.92
3/1/09	40	13110.92	0.00	13110.92
6/1/09	41	13110.92	0.00	13110.92
9/1/09	42	13110.92	0.00	13110.92
12/1/09	43	13110.92	0.00	13110.92
3/1/10	44	13110.92	0.00	13110.92
6/1/10	45	13110.92	0.00	13110.92
9/1/10	46	13110.92	0.00	13110.92
12/1/10	47	13110.92	0.00	13110.92
3/1/11	48	13110.92	0.00	13110.92
6/1/11	49	13110.92	0.00	13110.92
9/1/11	50	13110.92	0.00	13110.92
12/1/11	51	13110.92	0.00	13110.92
3/1/12	52	13110.92	0.00	13110.92
6/1/12	53	13110.92	0.00	13110.92
9/1/12	54	13110.92	0.00	13110.92
12/1/12	55	13110.92	0.00	13110.92
3/1/13	56	13110.92	0.00	13110.92
6/1/13	57	13110.92	0.00	13110.92
9/1/13	58	13110.92	0.00	13110.92
12/1/13	59	13110.92	0.00	13110.92
3/1/14	60	13110.92	0.00	13110.92
6/1/14	61	13110.92	0.00	13110.92
9/1/14	62	13110.92	0.00	13110.92
12/1/14	63	13110.92	0.00	13110.92
3/1/15	64	13110.92	0.00	13110.92
6/1/15	65	13110.92	0.00	13110.92
9/1/15	66	13110.92	0.00	13110.92
12/1/15	67	13110.92	0.00	13110.92
3/1/16	68	13110.92	0.00	13110.92
6/1/16	69	13110.92	0.00	13110.92
9/1/16	70	13110.92	0.00	13110.92
12/1/16	71	13110.92	0.00	13110.92
3/1/17	72	13110.92	0.00	13110.92
6/1/17	73	13110.92	0.00	13110.92
9/1/17	74	13110.92	0.00	13110.92
12/1/17	75	13110.92	0.00	13110.92
3/1/18	76	13110.92	0.00	13110.92
6/1/18	77	13110.92	0.00	13110.92

Quarterly Debt Service Schedule

9/1/18	78	13110.92	0.00	13110.92
12/1/18	79	13110.92	0.00	13110.92
3/1/19	80	13110.92	0.00	13110.92
6/1/19	81	13110.92	0.00	13110.92
9/1/19	82	13110.92	0.00	13110.92
12/1/19	83	13110.92	0.00	13110.92
3/1/20	84	13110.92	0.00	13110.92
6/1/20	85	13110.92	0.00	13110.92
9/1/20	86	13110.92	0.00	13110.92
12/1/20	87	13110.92	0.00	13110.92
3/1/21	88	13110.92	0.00	13110.82
6/1/21	89	13110.92	0.00	13110.92
9/1/21	90	13110.92	0.00	13110.92
12/1/21	91	13110.92	0.00	13110.92
3/1/22	92	13110.92	0.00	13110.92
6/1/22	93	13110.92	0.00	13110.92
9/1/22	94	13110.92	0.00	13110.92
12/1/22	95	13110.92	0.00	13110.92
3/1/23	96	13110.92	0.00	13110.92
6/1/23	97	13110.92	0.00	13110.92
9/1/23	98	13110.92	0.00	13110.92
12/1/23	99	13110.92	0.00	13110.92
3/1/24	100	13110.92	0.00	13110.92
6/1/24	101	13110.92	0.00	13110.92
9/1/24	102	13110.92	0.00	13110.92
12/1/24	103	13110.92	0.00	13110.92
3/1/25	104	13110.92	0.00	13110.92
6/1/25	105	13110.92	0.00	13110.92
9/1/25	106	13110.92	0.00	13110.92
12/1/25	107	13110.92	0.00	13110.92
3/1/26	108	13110.92	0.00	13110.92
6/1/26	109	13110.92	0.00	13110.92
9/1/26	110	13110.92	0.00	13110.92
12/1/26	111	13110.92	0.00	13110.92
3/1/27	112	13110.92	0.00	13110.92
6/1/27	113	13110.92	0.00	13110.92
9/1/27	114	13110.92	0.00	13110.92
12/1/27	115	13110.92	0.00	13110.92
3/1/28	116	13110.92	0.00	13110.92
6/1/28	117	13110.92	0.00	13110.92
9/1/28	118	13110.92	0.00	13110.92
12/1/28	119	13110.92	0.00	13110.92
3/1/29	120	13110.92	0.00	13110.92

6/1/29	121	13110.92	0.00	13110.92
9/1/29	122	13110.92	0.00	13110.92
12/1/29	123	13110.92	0.00	13110.92
3/1/30	124	13110.92	0.00	13110.92
6/1/30	125	13110.92	0.00	13110.92
9/1/30	126	13110.92	0.00	13110.92
12/1/30	127	13110.92	0.00	13110.92
3/1/31	128	13110.92	0.00	13110.92
6/1/31	129	13110.92	0.00	13110.92
9/1/31	130	13110.92	0.00	13110.92
12/1/31	131	13110.92	0.00	13110.92
3/1/32	132	13110.92	0.00	13110.92
6/1/32	133	13110.92	0.00	13110.92
9/1/32	134	13110.92	0.00	13110.92
12/1/32	135	13110.92	0.00	13110.92
3/1/33	136	13110.92	0.00	13110.92
6/1/33	137	13110.92	0.00	13110.92
9/1/33	138	13110.92	0.00	13110.92
12/1/33	139	13110.92	0.00	13110.92
3/1/34	140	13110.92	0.00	13110.92
6/1/34	141	13110.92	0.00	13110.92
9/1/34	142	13110.92	0.00	13110.92
12/1/34	143	13110.92	0.00	13110.92
3/1/35	144	13110.92	0.00	13110.92
6/1/35	145	13110.92	0.00	13110.92
9/1/35	146	13110.92	0.00	13110.92
12/1/35	147	13110.92	0.00	13110.92
3/1/36	148	13110.92	0.00	13110.92
6/1/36	149	13110.92	0.00	13110.92
9/1/36	150	13110.92	0.00	13110.92
12/1/36	151	13110.92	0.00	13110.92
3/1/37	152	13110.92	0.00	13110.92
6/1/37	153	13110.92	0.00	13110.92
9/1/37	154	13110.92	0.00	13110.92
12/1/37	155	13110.92	0.00	13110.92
		2032192.00	0.00	2032192.60

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:

_____