

THE TOWN OF BUFFALO
Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

BOND TRANSCRIPT

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**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

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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.

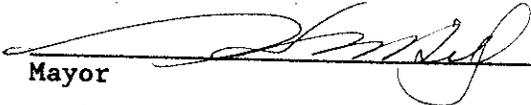
Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen 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.

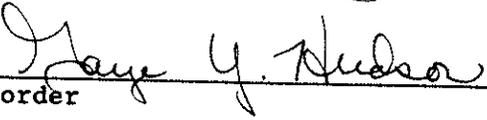
Passed on First Reading - June 4, 1990

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]

Gayle 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]

Gary Hudson
Recorder

09/04/90
BUFFALOJ.D6
11610/88001

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"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF BUFFALO
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all 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 construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring 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 water development 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 Section 5 of the Act and having available sufficient funds therefor, the Authority is willing 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 proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development 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," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

1.3 "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.

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

1.5 "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 with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.8 "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.

1.9 "Project" means the water development 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "System" means the water development 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.

1.11 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 having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Division of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of 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.

2.4 The Governmental Agency agrees that the Authority and its 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 its duly authorized agents shall, prior to, at 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 in respect of 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, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project 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 its agents 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.

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.

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 Authority. 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 is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to 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 resident engineer shall certify to the Authority 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 agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained 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 Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, 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 delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall either have received bids or entered 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 financing of construction, 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 shall have received a certificate of the Consulting Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

(e) 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 shall have received a certificate of the Consulting Engineers to such effect;

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority 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 for the issuance of the Local Bonds required by State law, and the Authority 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;

(h) 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), and the Authority 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;

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) 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 water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority 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 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 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.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit

moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

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 enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(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 established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least 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") 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 will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State 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 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; 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 any Local Bond owner 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 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, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed 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 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, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the 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 for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding 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, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement;

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, 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 Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall have obtained a certificate of a professional engineer, licensed by the State, 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, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Water Development Project;

(xix) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, 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; and

(xx) 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 Code) from time to time as the Authority may request.

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, 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.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, 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.

4.6 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.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

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, as set forth in the Local Act and in compliance with the provisions of Subsection 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 minimum sums set forth in the Local Act, 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, 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 Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority 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 shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority 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 this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are 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 Schedule X 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.

7.3 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.

7.4 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.

7.5 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.

7.6 This Loan Agreement merges and 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.

7.7 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.

7.8 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 if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 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.

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
[Proper Name of Governmental Agency]

(SEAL)

By: [Signature]
Its: Mayor

Attest:

Date: September 6, 1990

[Signature]
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: [Signature]
Director

Attest:

Date: September 6, 1990

[Signature]
Secretary-Treasurer

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>280,168.00</u>
Purchase Price of Local Bonds	\$ <u>280,168.00</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.10 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

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-90			1,575.95	1,575.95
01-Oct-91	0.00%	0.00	22,693.61	22,693.61
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

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if 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) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) 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;

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

WDA-5Z-Municipal Sewer (EPA)
(March 1988)

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA 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.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for

such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL 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"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF BUFFALO

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all 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 construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

4

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;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental 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: Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

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

1.4 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.6 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

1.8 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

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 constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Division of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of 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 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.

2.4 The Governmental Agency agrees that the Authority and its 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 its duly authorized agents shall, prior to, at 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 in respect of 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, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Supplemental Loan or of 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 its agents 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.

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.

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 Authority. 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.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to 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 resident engineer shall certify to the Authority 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 agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by 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.

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and

all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. 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 Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(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 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") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority 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, to such effect;

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

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other 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) 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 such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority 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 Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental 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 Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;
Repayment of Supplemental Loan; No Interest on
Supplemental Loan; Fees and Charges

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(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 the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by Local Bond proceeds with respect to the Local Bonds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, 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 the Supplemental Bonds and any such prior or parity obligations;

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

(iv) That 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 and Supplemental 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 Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds 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 Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental 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;

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

(viii) That any bond owner 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 or interest on the Supplemental Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(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, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed 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 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 Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs),

provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon;

(xv) That the Governmental Agency shall have obtained a certificate of a professional engineer, licensed by the State, 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, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Water Development Project;

(xvi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, 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; and

(xvii) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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, sale and delivery of the Supplemental 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 Supplemental 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 the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental 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.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

4.7 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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 Supplemental 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 Supplemental Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 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 and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

forth in the Local Act, 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, 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 Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, 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 Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the

right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental 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 Loan Agreement or this Supplemental Loan Agreement.

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority 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.

7.3 If any provision of this Supplemental 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 Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental 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 Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental 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 Supplemental Loan Agreement.

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

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

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

Town of Buffalo

[Proper Name of Governmental Agency]

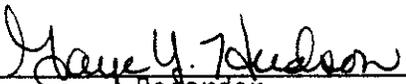
(SEAL)

By


Its _____ Mayor

Attest:

Date: September 6, 1990


Its _____ Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By

Daniel B. Zoulesky
Director

Attest:

Date: September 6, 1990

Barbara B. Meadows
Secretary-Treasurer

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>12,652.00</u>
Purchase Price of Supplemental Bonds	\$ <u>12,652.00</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

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

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, in addition to the Local Bonds:

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

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if 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) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten years) 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) as prescribed by the Loan Agreement, 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;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by

depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE 2

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or a treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA 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.

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.



United States
Department of
Agriculture

Farmers
Home
Administration

603 Morris Street
Charleston, WV
25301

*Bond
Counsel*

Telephone: (304) 347-5355

March 21, 1989

The Honorable H. B. Hill
Mayor, Town of Buffalo
P. O. Box 217
Buffalo, WV 25033

Dear Mayor Hill:

This letter, with attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, source funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by FmHA by written amendment to this letter. Any changes not approved by FmHA shall be cause for discontinuing processing of the application.

This letter is not to be considered as loan and grant approval or as representation to the availability of funds. The docket may be completed on the basis of an FmHA loan not to exceed \$ 396,000, an FmHA grant not to exceed \$ 49,000, and other funding in the amount of \$ 2,904,000, for a total project cost of \$ 3,349,000. This other funding is from the following sources:

Town of Buffalo	\$ 50,000
Small Cities Block <u>Grant (HUD)</u>	750,000
<u>EPA Grant</u>	1,644,000
<u>WDA Loans</u>	460,000

If FmHA makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form FmHA 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to FmHA as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 calendar days before loan closing.



Page 2

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

- Attachment No. 1 - Final Project Planning Factors
(All Copies)
- Attachment No. 2 - Town of Buffalo Loan and Grant Docket
Table of Contents (All Copies)
- Attachment No. 3 - FmHA Instruction 1942-A, Section 1942.17
(Applicant Copy)
- Attachment No. 4 - FmHA Instruction 1942-A, Section 1942.18
(Engineer Copy)
- Attachment No. 5 - FmHA Instruction 1942-A, Section 1942.19
(Attorney and Bond Counsel Copies)
- Attachment No. 6 - FmHA Supplemental General Conditions
(Engineer Copy)
- Attachment No. 7 - Standards for Audit of Governmental
Organizations, Programs, Activities and Functions
(Accountant's Copy)
- Attachment No. 8 - Town of Buffalo Sewer Users
Agreement (Applicant and Attorney Copies)
- Attachment No. 9 - Declaration Statement (Applicant and
Attorney Copies)
- Attachment No. 10 - Sample Credit Agreement (Applicant and
Attorney Copies)
- Attachment No. 11 - Various other FmHA Forms as identified
on Attachment No. 2

The agreements you provided with your preapplication and application for engineering and legal services are being reviewed, and the costs for these services have been included in the project budget contained in Attachment No. 1.

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.



The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 7% interest rate and a monthly amortization factor of .00628, which provides for a monthly payment of \$ 2,487.00. Your authority must establish and fund monthly a debt service reserve account in an amount equal to at least 1/10th of your monthly debt service payment. You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its FmHA loan, in whole or in part, upon the request of FmHA if at anytime it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.
2. Security - The FmHA loan security will be on parity with that of the West Virginia Water Development Authority loan. The loan will be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and the lender (FmHA) as set forth in the bond resolution. The resolution must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in Form FmHA 1942-31 and Form FmHA 1942-47 which are mentioned later.
3. Users - This conditional commitment is based upon your providing evidence that you will have at least 436 ~~users~~ users on the proposed system when it has been completed and is placed in operation. This evidence will consist of signed users agreements and certifications from you that identifies and attests to the number of users that are actually connected to and using the authority's existing sewer system at the time you request authorization to advertise the proposed project for construction bids.

The 436 proposed users on the system will consist of approximately 120 metered existing sewer users, 268 new metered users, and 48 new users (trailer park) currently receiving water service through a master meter. The Town in conjunction with making community sewerage service available to these 48 users proposes to install individual meters. Prior to construction, you must provide evidence the metering conversion is complete and that each user in the trailer park receives water service through an individual meter.



Page 4

The enclosed Sewer Users Agreement will be used. Each user signing an agreement must make a users contribution of \$250.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a service declination statement. Guide 3, FmHA Instruction 1342-A, "Service Declination Statement," a copy of which is enclosed, must be used. If a potential user refuses to sign either a users agreement or a declination statement, the individual making the contact for the authority should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before FmHA can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users have been acquired and that all potential users have been offered the proposed service.

Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the sewer service of the existing system (paying monthly bills), (2) signed users agreements, (3) signed service declination statements, (4) records evidencing users contributions having been paid, (5) a map locating each potential user's property in the new service area and identifying it by number, (6) a list of all signed bona fide users numbered with corresponding numbers so as to be a cross-reference with the map required by (5) above and, (7) a list of all declination statements numbered with corresponding numbers so as to be a cross-reference with the map required by (5) above.



Page 5

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Section 1942.19 of FmHA Instruction 1342-A. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deed, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form FmHA 427-9, "Preliminary Title Opinion," may be used. Also, in the case of existing systems or where the authority has already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A copy of the right-of-way easements for any rights-of-way needed on private lands. Form FmHA 442-20, "Right-of-Way Easement," may be used. Each easement need not be provided this office; however, each must be available for my review. A copy of the easement being used must be provided.



- e. A certification and legal opinion relative to title to rights-of-way and easements Form FmHA 442-21, "Right-of-Way Certificate," and Form FmHA 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. These forms may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, new Forms, FmHA 442-21 and 442-22, must be provided which do not provide for any exceptions.
 - f. On the day of loan closing, the authority's attorney must furnish final title opinions on all land(s) being acquired. In the case of existing systems or where the authority has already acquired real property(s) (land or facilities), the authority's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
6. Permits - Copies of all permits needed for the project must be provided for our review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Natural Resources
 - Corps of Engineers
 - Public Land Corporation



7. Public Service Commission Approvals and Rates - You must obtain a Certificate of Convenience and Necessity which you now have from the Public Service Commission of West Virginia. The authority must properly develop, adopt, and promulgate the required rates in accordance with the applicable provisions of Article I, Chapter 24 of the Code of West Virginia, as amended, and to the satisfaction of your bond counsel. The rate ordinance as adopted must include, as a minimum, all the rate related items (everything except project costs section, the use analysis section, and the operation and maintenance expense breakdown section) contained in the attached project planning factors (Attachment No. 1). The draft rate ordinance must be provided for FMHA review and concurrence prior to its adoption.

It should be clearly understood that the rates and rate related information included in Attachment No. 1 hereto, was developed based on the information provided by you and your engineer and that it is presented as a minimum requirement only.

8. Accounting - You must obtain the services of a qualified accountant. That accountant must agree (by letter) to develop and provide the following:
- a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42).
 - b. Prior to advertisement for bids, your accountant must state in writing that he will establish your accounts and records in accordance with the requirements of the ordinance, and the requirements of the Public Service Commission within 20 days from the notice to do such.
 - c. Prior to the start of construction, the accountant must certify that the accounts and records as required in (b) above have been established and are operational.



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A representative of my office will review your accounts and records prior to authorizing the issuance of award(s) to the contractor(s).

FmHA regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements for your authority. The attached booklet, "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," (Attachment No. 7) outlines FmHA Audit requirements. You are reminded that certain provisions of Office and Management and Budget Circular A-128 are applicable to any public body that received \$100,000 or more in federal funds in any one year. You must enter into an agreement annually with an accountant (or the State Tax Commission) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia.

Audit Reports must be prepared to comply with the requirements of OMB Circular A-128 or A-110, as applicable.

9. Insurance and Bonding Requirements:

- a. Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:
 - (1) Liability Insurance - Personal Liability - Minimum \$500,000 Property Damage - Minimum \$200,000-\$200,000. The limits of liability coverage noted herein should be considered as minimum requirements only. FmHA recommends that you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Workmen's Compensation - In accordance with appropriate State laws.
 - (3) Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded for the maximum amount of funds to be under the control of that position at any one time. Form FmHA 440-24, "Position Fidelity Bond," will be used. A certified and effective dated power-of-attorney will be attached to each bond.



(4) National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

(a) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

(b) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

(5) Real Property Insurance - Prior to the acceptance of the facility from the contractor[s], you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein, in an amount equal to the insurable value thereof. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

10. You are, or have been approved to become, a recipient of Federal financial assistance from the United States Department of Agriculture. In the case of Paralyzed Veterans of America, et al, Plaintiff, V. William French Smith, et al, Defendants, United States District Court, Central District of California, No. 79-1979 WPG, the Honorable William P. Gray ordered the United States Department of Agriculture to notify you that as a recipient of such assistance you are required to comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Sec. 794), even though the United States Department of Agriculture has not yet issued final regulations implementing Section 504 of the Rehabilitation Act.



Section 504 of the Rehabilitation Act is designed to assure that those who receive Federal financial assistance will not discriminate against handicapped persons. It provides in relevant part as follows:

"No otherwise qualified handicapped individual in the United States. . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Effective June 3, 1977, the Department of Health and Human Services issued final regulations implementing Section 504 as it applies to recipients of Federal financial assistance from that agency (45 C.F.R. Part 84). You may look to the HHS regulation for guidance as to your obligation under Section 504 of the Rehabilitation Act.

11. Contract Documents, Final Plans and Specifications:

a. The contract documents should consist of the following:

- (1) FmHA Instruction 1942-A, Guide 19, "Agreement," and Attachments 1-9.
- (2) Farmers Home Administration Supplemental General Conditions (Guide 18, 7-1-86 Revised WV). One copy of this item is attached hereto (Attachment No. 6). Additional copies must be reproduced by the engineer.

b. The Contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance - Personal Liability - \$500,000
Property Damage - \$200,000-\$200,000. (This coverage must include indemnification of the authority and its engineer.) FmHA Guide 18 suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.



Page 11

- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workmen's Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to FmHA for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
12. Interim Financing - Interim financing will be used for the FmHA loan if it is available at reasonable rates and terms. You must provide FmHA with a copy of the tentative agreement reached in connection with interim financing. The enclosed Sample Credit Agreement (Attachment No. 10) is an acceptable agreement and may be used.
13. Disbursement of Funds - The FmHA funds will be advanced as they are needed in the amount[s] necessary to cover FmHA's proportionate share of any disbursements required of your authority, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-110. Interest earned on these funds must be remitted promptly, at least quarterly, to the Farmers Home Administration.
14. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating that funds are available for expenditure.



15. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form FmHA 442-7 - Initial Operating Budget
Form FmHA 1940-1 - Request for Obligation of Funds
Form FmHA 1942-31 - Association Water or Sewer System Grant Agreement
Form FmHA 442-7 - Operating Budget
Form FmHA 1942-47 - Loan Resolution
Form FmHA 400-1 - Equal Opportunity Agreement
Form FmHA 400-4 - Assurance Agreement

16. The enclosed Loan Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the FmHA State Office with a request for loan closing instructions to be issued.
17. Upon receipt of the loan and grant docket, which contains all the items required above, FmHA may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide FmHA with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards.
18. When the items required by item 16 have been received by the FmHA State Office, they will be included in the loan docket. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the preliminary loan closing will be scheduled.

Attached is a copy of Form FmHA 1942-31, "Association Water and Sewer System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining FmHA project funds will be considered to be FmHA grant funds and refunded to FmHA. If the amount of unused FmHA project funds exceeds the FmHA grant, that part would be FmHA loan funds.



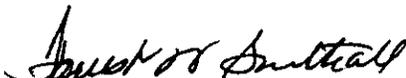
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We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Please complete and return the enclosed Form FmHA 442-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, FmHA reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, FmHA reserves the right to require that it be revised or replaced.

Sincerely yours,


FORREST W. SOUTHALL
District Director

cc: Administrator, FmHA
Attn: Water and Waste Disposal
Loan Division
Washington, DC

State Director, FmHA
Morgantown, WV

County Supervisor, Winfield, WV

Randolph Engineering, PO Box 346, Scott Depot, WV 25560

Franklin L. Gritt, Jr., Box 357, Winfield, WV 25213

Kenneth Plants, 801 Oakbridge Dr., Hurricane, WV 25526



Attachment No. 1
 Dated: March 21, 1989
 For: Town of Buffalo

Project Planning Factors

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of FmHA:

All Amounts Are in Thousands Of Dollars

<u>Project Costs</u>	<u>EPA Grant</u>	<u>Town Contribution</u>	<u>HUD Grant</u>	<u>FmHA Grant</u>	<u>WDA Loan</u>	<u>FmHA Loan</u>	<u>Total</u>
Construction	1,296	50	632	14	341	100	2,433
Construction Contg	130			10		80	220
Land and Rights			10		5	5	20
Legal and Admin Fees	16		39		40	4	99
Engineering Fees	202		69		9	145	425
Basic	<u>212</u>						
Insp.	<u>166</u>						
Spec.	<u>47</u>						
Bond Counsel					6	4	10
Interest					59	40	99
Proj. Contg.				25		18	43
TOTALS	1,644	50	750	49	460	396	3,349

Rates

Available for general domestic commercial, and industrial service.

- First 2,000 gals. @ \$ 7.34 per M gals.
- Next 3,000 gals. @ \$ 4.75 per M gals.
- Next 45,000 gals. @ \$ 4.40 per M gals.
- Over 50,000 gals. @ \$ 3.90 per M gals.

(Minimum Monthly Bill \$ 14.68 for 2,000 gallons)



Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$ 250.00

After the start of construction, there shall be a charge of \$ 300.00 for connection to the system.

Use and Income Analysis

<u>Usage (Gallons)</u>	<u># of Users</u>	<u>M Gal.</u>	<u>Min. 2.MGal</u>	<u>First 2M.Gal</u>	<u>Next 3M.Gal</u>	<u>Next 45.Gal</u>	<u>Over 50M.Gal</u>
0-2000	156	133	156	0	0	0	0
2001-5000	141	509	0	282	227	0	0
5001-50,000	136	1140	0	272	408	460	0
50,001-OVER	<u>3</u>	<u>329</u>	<u>0</u>	<u>6</u>	<u>9</u>	<u>135</u>	<u>179</u>
**	436	2111	156	560	664	595	179

Current Rates *		2,5000	1,2500	1,000	0.8300	0.6600
Current Proceeds *		260.	700.	644.	494.	118.

Proposed Rates		\$ 14.68	\$ 7.34	\$ 4.75	\$ 4.40	\$ 3.90
Proposed Proceeds		\$2,290.	\$4,110.	\$3,154.	\$2,618.	\$698.

Proposed Monthly Income	\$ 12,870
Proposed Annual Income	\$154,440

* Based upon 384 users, 104 of which are paying minimum billing.

** Captive Users - 168 (including 48 unmetered customers)

New Users	- <u>268</u>
TOTAL	<u>436</u>



Budget

Income \$ 154,440

Expenses

U & M \$ 77,633
Debt Service 62,558
Reserve 69,597

\$ 154,440

Balance and Depreciation \$ 0

Operating and Maintenance Expenses

Wages - Salaries	\$ <u>43,000</u>
Office Expenses (telephone, rent, supplies)	\$ <u>1,500</u>
Taxes, Insurance, Bonds	\$ <u>5,123</u>
Fees (accounting, audit, legal)	\$ <u>517</u>
Utilities (electric, water, sewer, gas, fuel oil)	\$ <u>13,930</u>
Repair to Facilities and Equipment	\$ <u>10,807</u>
Fuel - Gasoline - Oil	\$ <u>1,388</u>
Miscellaneous Material and Supplies	\$ <u>728</u>
Reading, Billing and Collection	\$ <u>900</u>

TOTAL \$ 77,893

* Debt Service

FmHA 29,844
WDA 39,744

** Reserve

FmHA 2,984
WDA 3,975



Attachment No. 2
 Letter of Conditions
 Date: March 21, 1969
 For: Town of Buffalo

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARMERS HOME ADMINISTRATION
 Table of Contents
 Preapplication, Applications - Complete Docket
 Association Loans and Grants
 Water and Sewer Systems

PREAPPLICATIONS

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
AD 621	Preapp. for Fed. Assist.	0 & 2	1942.2(a)(1)	App.		Have	3
	Intergovernmental Review	2	1942.2(a)(1)	App.		Have	5
Guide 7-6	Preliminary Engr. Report	2	1942.18(c)	Engr.		Have	6
	Audit for last year of operation	1	1942.17(h)	App./Att.		Have	1
1940-20	Request for Env. Info.	2	1942.17(j)(7)	App./Eng.		Have	3



Attachment No. 2
Letter of Conditions
Date: March 21, 1959
For: Town of Buffalo

RELATIONS

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Env. Assessment for Class II Actions (Exhibit H, 1940-G)	2	1942.17(S007)	EmHA		Have	3
	Statement from State Historical Preservation Office concerning historical sites and archeological properties	2	1940.304(d)	App.		Have	3
	Brief Stmt. telling how facility will be operated	1	1942.17(b)(3)	App.			3
	List of users by name expected to use over 20,000 gals. per mo.	2	1942.17(h)(2)	App./Engr.		Have	3



Attachment No. 2
 Letter of Conditions
 Date: March 21, 1989
 For: Town of Buffalo

FREAPPLICATIONS

<u>Form No.</u>	<u>Document or Action</u>	<u>No. - Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Fos.</u>
	List of users by number which will have a meter larger than 3/4 x 5/8 and also expected total consumption by these users	2	Freapp Packet	App./Engr.			8
	Breakdown of planned cost to show that cost related to users with meters larger than 3/4 x 5/8		Freapp packet	Engr.			8
	Copy of existing rate tariff	2	1942.17(h)	App./Atty/Acct.		Have	8
	Bill analysis for existing systems)	2	1942.17(h)(2)	App./Engr/Acct.			8
	Projected Bill analysis for new users	2	1942.17(h)(2)	App./Engr/Acct.		Have	8
	Adjustments to historic income and cost--explain changes	2	1942.17(h)(1)	App./Engr/Acct.			8
	Identification of "Other" funding	2	1942.17(n)(5)	App./Att		Have	
	Step III Grant Appl. (Sewer Only)	2	1942.17(n)(5)			Have	Sep. File



Attachment No. 2

Letter of Conditions

Date: March 21, 1989For: Town of BuffaloAPPLICATIONS

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Fos.</u>
	Statement reporting the total number of potential users		1942.17(h)(2) (1)(A)	App./ Engr/Acct.		Have	8
	Breakdown of sewer cost to show treatment, collection, elig. and inelig.	2	1942-A Guide 8	Engr.		Have	8
1942-19	Agreement for Engineering Services	3	1942.17(l)(1)	App./Engr.			6
	Legal Services Agreement		Guide 14 1942-17(l)(1)	App./Engr.			5
	Survey conducted by uninterested party to determine MHI	1	1942-A 1942.17(f)(6)	App./FmHA		Have	3
	S/O concurrence in results of survey to determine MHI	1	1942-H 1942.356(b)(7)	FmHA-S/O		Have	3
	Documentation on Service Area	1	1942.5(a)	FmHA			3
	Written Certification that "Other" credit is <u>NOT</u> available	2	1942.17(b)(2)	App.			3



Attachment No. 2
Letter of Conditions
Date: March 21, 1989
For: Town of Buffalo

EXEMPTIONS

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Documentation on Historical and Archeological Assessments	2	1901.255(2)	FmHA			3
	Copy of Certification of Publication and related Environmental Information	2	1940.331(c)	App.		Have	3
	Project Planning Factors	4	S-Office	FmHA		Have	3
1942-51	Development Grant Summary	3	1942-H	FmHA		Have	2
	Finding of No Significant Impact (FONSI)	2	1940-G	FmHA		Have	3
	Evidence of Public Meeting Minutes	2	1942.17(j)(9)	App.			3

Attachment No. 2
Letter of Conditions

Date:

For: Town of BuffaloAPPLICATIONS

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
AD 622	Notice of Freapplication Review	0 & 2	1942.17(m)(4)	FmHA		Have	3
AD 624	Application for Federal Assistance	0 & 1	1942.17(m)(5)	App.			3
1942-45	Project Summary	0 & 2	1942.5(a)(1)	FmHA		Have	1
442-7	Initial Operating Budget	0 & 2	1942.17(h)	App.			3
442-14	Project Fund Analysis	0 & 4	1942.5(c)	FmHA		Have	2
	Certified Copy of Town Charter	1	1942.17(b)(3)	App./Att.			5
	Guide 26 CP Program Project Selection Criteria	2	1942-A	FmHA		Have	2



Attachment No. 2
 Letter of Conditions
 Date: March 21, 1989
 For: Town of Buffalo

DOCKET

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Letter of Conditions	1	1942.5(c)	FmHA		Have	3
442-46	Letter of Intent to Meet Conditions	2	1942.5(c)	App.			3
1940-1	Request for Obligation of funds	4	1942.5(c)(3)	FmHA/App.			2
	Written Request from Applicant for the Lower Interest Rate	2	1942.17(f)(1)	FmHA/App.			2
440-57	Acknowledgment of Obligated Funds/Check Request	1	1942.5(d)(5)	FmHA			2
1942-31	Association Water or Sewer System Grant Agreement	2	1942-H	FmHA/App.			2
	Evidence of "Other" Funds	1	1942.17(h)(5)	App.			2
	Water (Sewer) Users Agreement (Copy)	1	1942.17(h)(2)(B)	App.			5



Attachment No. 2
Letter of Conditions
Date: March 21, 1989
For: Town of Buffalo

DUCKET

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Fos.</u>
	<i>Evidence of Users:</i>						
	1. Map of Users with each	1	LOC	App.			Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statement Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5
	5. Having Users Agreements and Declination Statements Available		LOC	App.			-
	Positive Program to Encourage Connections When Completed	1	1942.17(h)(2)(iii)	App.			5
	Verification of Users	1	1942.6(b)	FmHA			3
	Preliminary Bond Transcr. Documents	2	1942.17(j)(6)(ii)	B. Counsel			2



Attachment No. 2
Letter of Conditions
Date: March 21, 1969
For: Town of Buffalo

DUCKET

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Right-of-Way Map	1	Form FmHA 1942-19	Engr.			Sep. File
	Deeds and/or Options		1942.17(3)(4)(1)	App./Att.			
427-9	Preliminary Title Opn.	1	1942.17 (3)(4)(1)	App./Att.			5
	Narrative Opinion from Attorney	1	LDC	Att.			5
442-20	Right-of-Way Easement	1	1942.17 (3)(4)(1)	App.			5
442-21	Right-of-Way Certificate	1	1942.17 (3)(4)(1)	App.			5
442-22	Opinion of Counsel Relative to R/Way		1942.17 (3)(4)(1)	Att.			5
1942-47	Loan Resolution	1	1942.17(n)(2)	App.			5



Attachment No. 2
 Letter of Conditions
 Date: March 21, 1989
 For: Town of Buffalo

BUCKET

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Received</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Nos.</u>
	Application for DDH Permit	1	1942.17 (j)(4)(c)	Engr.			6
	Application for R.R. Permit		1942.17 (j)(4)(c)	Engr.			6
	Application for Public Land Corp. Permit	1	1942.17 (j)(4)(c)	Engr.			6
	Application for Corps of Engineers Permit	1	1942.17 (j)(4)(c)	Engr.			6
	Copy of FSC Application	1	State	Att./Acct.			6
	Copy of FSC Rule 42 Exhibit 1	1	State	Att./Acct.			3
	Agreement with Accountant	1	1942.17 (1)(1)	App./Acct.			6
	Contract Documents, Plans and Specs.	2	1942.16	Engr.			Sep. File
	Dept. of Health Approval	1	1942.17(c)(iv)	Engr.			6
	Dept. of Natural Resource Permit	1	1942.17(k)	Engr.			6



Attachment No. 2
Letter of Conditions
Date: March 21, 1989
For: Town of Buffalo

DOCKET

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Interim Financing Agreement	1	1942.17(n)(2)	App./Att.			1
400-1	Equal Opportunity Agreement	1	1942.17 (n)(2)(x)	App.			6
400-4	Assurance Agreement	1	1942.17 (n)(2)(x)	App.			3
	Bond Transcript Documents	3	1942.17 (j)(6)(ii)	B. Counsel			Sep. File
	Records of Mailing of Bonds		2018-E 2018.203	FmHA			1
	OGC Closing Instructions	1	1942.17(n)(3)	FmHA			5
	S/O Closing Instructions	1	1942.17(n)(3)	FmHA			5
427-10	Final Title Opinion	1	1942.17 (j)(4)(i)	Att.			5

D/O

Telephones: (304) 347-5355

June 27, 1989

The Honorable H. D. Hill, Mayor
The Town of Buffalo
P. O. Box 217
Buffalo, West Virginia 25033

Dear Mayor Hill:

Reference is made to the March 21, 1989 letter of conditions this office furnished you in connection with your sewer project. This letter is revised and amended as follows:

Insurance and Bonding Requirements:

(a) Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. FmHA recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- (2) Workers' Compensation - In accordance with appropriate State laws.
- (3) Position Fidelity Bonds - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to FmHA will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). Form FmHA 410-24, "Position Fidelity Bond," may be used. A certified and effective dated power-of-attorney will be attached to each bond.



United States
Department of
Agriculture

Farmers
Home
Administration

603 Morris Street
Charleston, WV
25301

Telephone (304) 347-5355

February 8, 1990

The Honorable H. B. Hill, Mayor
The Town of Buffalo
Post Office Box 217
Buffalo, West Virginia 25033

Dear Mayor Hill:

Reference is made to the March 21, 1989, letter of conditions this office furnished you in connection with your sewer project. This letter is revised and amended as follows:

LOAN REPAYMENT

The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 6.25% interest rate and a monthly amortization factor of .00575, which provides for a monthly payment of \$2,277.00. Your authority must establish and fund monthly a debt service reserve account in an amount equal to at least 1/10th of your monthly debt service payment. You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its FmHA loan, in whole or in part, upon the request of FmHA if at anytime it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

USERS

This conditional commitment is based upon your providing evidence that you will have at least 304 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of signed user agreements and certifications from you that identifies and attests to the number of users that are actually connected to and using the authority's existing sewer system at the time you request authorization to advertise the proposed project for construction bids.



The 384 proposed users on the system will consist of approximately 119 metered existing sewer users and 265 new metered users. Pursuant to your request, FmHA will recognize the individual users within mobile home parks as though they were individually metered provided they are billed individual minimum bills or actual usage through the master meter, whichever is greater.

PLANNING FACTORS

The attached project planning factors reflect the above modified user requirements.

We believe that the information contained herein together with all requirements and conditions of our March 21, 1989, letter of conditions and June 27, 1989, amendment clearly set forth the actions which must be taken. If you have any questions, please do not hesitate to contact this office.

Sincerely,

FORREST W. SOUTHALL
District Director

cc: Administrator, FmHA
Attn: Water and Waste
Disposal Loan Division
Washington, D.C.

State Director, FmHA
Morgantown, WV

County Supervisor
Winfield, WV

Randolph Engineering
Scott Depot, WV

Franklin L. Gritt,
Attorney at Law
Winfield, WV

Kenneth E. Plants, LPA
Hurricane, WV

✓ Steptoe & Johnson
Clarksburg, WV



Attachment No. 1, Revised
Dated: February 8, 1990
For: Town of Buffalo

PROJECT PLANNING FACTORS

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of FmHA:

All Amounts Are In Thousands Of Dollars

<u>Project Costs</u>	<u>EPA Grant</u>	<u>Town Contribution</u>	<u>HUD Grant</u>	<u>FmHA Grant</u>	<u>WDA Loan</u>	<u>FmHA Loan</u>	<u>Total</u>
Construction	1,296	50	632	14	341	100	2,433
Construction Contg	130			10		80	220
Land and Rights			10		5	5	20
Legal and Admin	16		39		40	4	99
Engineering Fees	202		69		9	145	425
Basic: 212							
Insp.: 166							
Spec.: 47							
Bond Counsel					6	4	10
Interest					59	40	99
Proj. Contg.				25		18	43

TOTALS	1,644	50	750	49	460	396	3,349

RATES

Available for general domestic,
commercial and residential service.

First	2,000 gals. @ 7.50 per 1,000 gals.
Next	3,000 gals. @ 5.00 per 1,000 gals.
Next	45,000 gals. @ 4.50 per 1,000 gals.
Over	50,000 gals. @ 4.00 per 1,000 gals.

(Minimum Monthly Bill \$15.00 for 2,000 gallons)

2

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

CONNECTION CHARGE

Prior to Construction: \$250.00

After the start of construction, there shall be a charge of \$300.00 for connection to the system.

USE AND INCOME ANALYSIS

Usage (Gallons)	# of Users	M Gal	Min. 2m Gal	First 2m Gal	Next 3m Gal	Next 4.5m Gal	Over 50mGal
0-2000	104	133	104	0	0	0	0
2001-5000	141	509	0	262	227	0	0
5001-50,000	136	1140	0	272	408	460	0
50,000-Over	3	329	0	6	9	135	179
Total	384*	2111	104	560	664	595	179

Proposed Rates	15.00	7.50	5.00	4.50	4.00
Proposed Proceeds (\$)	1,560	4,200	3,220	2,678	716

Proposed Monthly Income	\$12,374
Proposed Annual Income	\$148,488

*Captive Users	119
New Users	265
Total Users	384



BUDGET

Income \$148,488

Expenses

Operation & Maintenance \$78,114

Debt Service* 63,977

Reserve** 6,397

148,488

Balance and Depreciation 0

Operation and Maintenance Expense

Wages - Salaries \$43,221

Office Expenses (supplies, rent, etc.) 1,500

Taxes, Insurance, Bonds 5,123

Fees (accounting, audit, legal) 517

Utilities (electric, water, sewer) 13,930

Repair to Facilities & Equipment 10,807

Fuel (gasoline, oil and/or travel) 1,388

Miscellaneous Materials & Supplies 728

Reading, Billing & Collections 900

TOTAL \$78,114

*Debt Service

FmHA \$27,324

WDA 36,653

**Reserve

FmHA \$2,732

WDA 3,665



United States
Department of
Agriculture

Farmers
Home
Administration

603 Morris Street
Charleston, WV
25301

Telephone (304) 347-5355

July 19, 1990

The Honorable H. B. Hill, Mayor
The Town of Buffalo
Post Office Box 217
Buffalo, West Virginia 25033

Dear Mayor Hill:

Reference is made to the March 21, 1989, letter of conditions this office furnished you in connection with your sewer project. This letter is revised and amended as follows:

LOAN REPAYMENT

The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 6.00% interest rate and monthly amortization factor of .00556, which provides for a monthly payment of ~~\$2,210.00~~. Your authority must establish and fund monthly a debt service reserve account in an amount equal to at least 1/10th of your monthly debt service payment. You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its FmHA loan, in whole or in part, upon the request of FmHA if at anytime it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

Sincerely,

James H. Anderson

for FORREST W. SOUTHALL
District Director

cc: State Director, FmHA
Morgantown, WV

Randolph Engineering
P.O. Box 346, Scott Depot
WV 25560

Franklin L. Gritt, Jr.
Box 357
Winfield, WV 25213

Kenneth Plants
801 Oakbridge Dr.
Hurricane, WV 25526



cc: *Samme Gee*
Jackson & Kelly
P.O. Box 553
Charleston, WV 25322

Vincent A. Collins
Steptoe & Johnson
P.O. Box 2190
Clarksburg, WV 26302-2190

11/10/10

11/10/10

11/10/10

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 17, 1990

CASE NO. 90-131-S-CN

TOWN OF BUFFALO, a municipal corporation,
Putnam County.

Application for a certificate of convenience and necessity to install an 85,000 gallon per day aerated lagoon treatment facility, complete with lines, lift stations, and other appurtenances in and around Buffalo, Putnam County.

RECOMMENDED DECISION

On February 23, 1990, the Town of Buffalo (Town), a municipal corporation, Putnam County, filed an application, duly verified, for a certificate of convenience and necessity to install an 85,000 gallon per day aerated lagoon treatment facility, complete with lines, lift stations, and other appurtenances in and around Buffalo, Putnam County.

The Town estimates that construction will cost \$3,349,000 and will be financed by an EPA Grant of \$1,644,000, a Small Cities Block Grant of \$750,000, a Buffalo Sanitary Board contribution of \$50,000, a Water Development Authority loan of \$460,000, a Farmers Home Administration grant of \$49,000, and a Farmers Home Administration Loan of \$396,000. The Town indicated that rates and charges would be:

First	2,000 gallons used per month	\$7.50 per 1,000 gallons
Next	3,000 gallons used per month	\$5.00 per 1,000 gallons
Next	45,000 gallons used per month	\$4.50 per 1,000 gallons
Over	50,000 gallons used per month	\$4.00 per 1,000 gallons

By Commission order dated February 23, 1990, the Town was directed to publish notice of the filing as required by West Virginia Code §24-2-11. Publication was made on March 1, 1990, in The Hurricane Breeze and The Putnam Democrat. A certificate of publication showing the proper publication was submitted to the Commission. The notice indicated that anyone desiring to make objection to said application must do so in writing within thirty (30) days after the date of publication of the notice. The notice further stated that if no protest is received, the Commission may waive the hearing and grant the application based upon the evidence submitted with the application. No protest was received in response to the publication of the filing.

Staff reviewed the proposed project and recommended approval of the project. (Final Joint Staff Memorandum of David C. Glover, Staff Attorney, dated July 26, 1990, with attached Internal Memorandum of Woody Bare, Utility Analyst, dated June 25, 1990). Staff indicates it has reviewed

the documentation for the above sources of funding. The Town's rates enacted on May 5, 1989, are adequate to meet the operation and maintenance expenses in addition to the debt service. Staff attached a cash flow statement indicating there would be a surplus of \$10,011, which would be more than adequate for a repair and replacement fund and average plant additions. Staff further noted that the Water Development bonds will be issued at an 8% interest rate and the Farmers Home Administration Loan will be issued at a 6 1/4% interest rate. (Final Joint Staff Memorandum).

Staff indicated that it has received a copy of the Department of Natural Resources Permit for the project which is NPDES Permit No. WVO024694, effective June 30, 1989. In its memoranda, Staff stated that the proposed project is needed and is adequately financed. Since the application is complete, the Town has given proper notice of the certificate application and no protests have been received, Staff recommended approval of the Town's application for a certificate of convenience and necessity without hearing.

Upon consideration of all the foregoing, the Administrative Law Judge is of the opinion and finds that the project is needed, the project will provide adequate service, the project is economically feasible and is adequately financed. The Town's existing tariff rates will not need to be increased as a result of construction of this project. These rates are sufficient but not more than sufficient to cover the additional debt service requirements and additional operation and maintenance expenses and reserve funds which will be generated by the project.

FINDINGS OF FACT

1. On February 23, 1990, the Town of Buffalo filed an application for a certificate of convenience and necessity to install an 85,000 gallon per day aerated lagoon treatment facility complete with lines, lift stations and other appurtenances in and around Buffalo, Putnam County. (Application).
2. The estimated cost of the project is \$3,349,000. (Application).
3. The project is going to be financed through an EPA grant of \$1,644,000, a Small Cities Block Grant of \$750,000, a Water Development Authority loan of \$460,000, a Farmers Home Administration grant of \$49,000, a Farmers Home Administration loan of \$396,000 and a Buffalo Sanitary Board contribution of \$50,000. (Application).
4. The Town passed an ordinance on May 5, 1989 which approved the sewer rates and charges set forth in the application. (Application).
5. The Town published notice of the proposed project in accordance with West Virginia Code §24-2-11. (Certificate of publication).
6. The Commission received no protest to the Town's publication of its application for a certificate of convenience and necessity. (Final Joint Staff Memorandum dated July 26, 1990 of David C. Glover, Staff Attorney with attachments).

7. The project has received a Department of Natural Resources permit for the project designated NPDES Permit No. WVO024694, effective June 30, 1989. The DNR is the agency with the primary responsibility for the design of sewer projects in this state. (Final Joint Staff Memorandum, Id.).

8. The Water Development Authority Bond, in an amount not to exceed \$460,000, will be issued at 8% interest and the Farmers Home Administration Loan in the amount of \$396,000 will be issued at a 6 1/4% interest rate. (Final Joint Staff Memorandum Id.).

9. Commission Staff recommended approval of the project and the financing therefor. (Final Joint Staff Memorandum, Id.).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed project will provide adequate service.

3. The proposed project is adequately financed and economically feasible.

4. The existing rates and charges passed by the Town on May 5, 1989, which are set forth in the certificate application, are adequate and will generate sufficient revenues, but not more than sufficient revenues, to cover the additional operation and maintenance expenses, the additional debt service and reserves related to the project.

ORDER

IT IS, THEREFORE, ORDERED that the application of the Town of Buffalo dated February 23, 1990, for a certificate of convenience and necessity to install an 85,000 gallon per day aerated lagoon treatment facility, complete with lines, lift stations and other appurtenances in and around Buffalo, Putnam County, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the financing for the project being the EPA grant of \$1,644,000, a Small Cities Block grant of \$750,000, the Buffalo Sanitary Board contribution of \$50,000, the Water Development Authority loan of \$460,000 to be issued at a rate of 8% interest and the Farmers Home Administration loan in an amount not to exceed \$396,000 at 6 1/4% interest and the Farmers Home Administration grant of \$50,000 be, and it hereby is, approved.

IT IS FURTHER ORDERED that, if there is any change in the terms and conditions or scope of the project or the financing therefor, then the Town of Buffalo shall notify the Commission immediately and shall file for Commission approval of the revised project and/or financing.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Ann Rodak

Ann Rodak
Administrative Law Judge

AR:mal

Public Service Commission
Of West Virginia

Richard E. Hill
General Counsel



Phone: (304) 340-0317
FAX (304) 340-0325

August 31, 1990

Vincent A. Collins, Esquire
Steptoe & Johnson
P. O. Box 2190
Clarksburg, WV 26302-2190

Re: Case No. 90-131-S-CN
Town of Buffalo

Dear Mr. Collins:

Please be advised that the Staff of the Public Service Commission has reviewed the Recommended Decision as entered on the 17th day of August, 1990, by Ann Rodak, Administrative Law Judge, and takes no exception to that Decision. You may be advised that the Staff has determined that no exceptions will be filed to that Decision, and no appeals will be taken.

Since no other parties appeared in protest or as intervenors to said proceeding, unless the Town intends to file an appeal of this Recommended Decision, no appeals will be taken from this decision.

Sincerely,

David C. Glover

David C. Glover
Staff Attorney

DCG/cbd

cc: Howard M. Cunningham, Executive Secretary

COLLINS



THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

CROSS-RECEIPT FOR SERIES 1990 A AND SERIES 1990 B BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and H. B. Hill, Mayor of The Town of Buffalo (the "Issuer"), hereby certify as follows:

1. On the 6th day of September, 1990, the Authority received the entire original issue of \$292,820 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated September 6, 1990, the Series 1990 A Bond being in the principal amount of \$280,168 and the Series 1990 B Bond being in the principal amount of \$12,652.

2. At the time of such receipt of the Series 1990 A Bonds and the Series 1990 B Bonds upon original issuance, all of the Series 1990 A Bonds and the Series 1990 B Bonds had been executed by H. B. Hill, as Mayor of the Issuer, by his manual signature, and by Gaye Hudson, as Recorder of the Issuer, by her manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1990 A Bonds and the Series 1990 B Bonds, of the proceeds of the Series 1990 A Bonds in the aggregate principal amount of \$280,168 and proceeds of the Series 1990 B Bonds in the aggregate principal amount of \$12,652 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and THE TOWN OF BUFFALO has caused this receipt to be duly executed and delivered by its Mayor, as of this 6th day of September, 1990.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B Meadows
Secretary-Treasurer

THE TOWN OF BUFFALO

By [Signature]
Mayor

09/04/90
BUFFALOJ.E4
11610/88001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 1990 A BONDS
AND SERIES 1990 B BONDS

One Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of The Town of Buffalo Sewer Revenue Bonds, Series 1990 A, in the principal amount of \$280,168 and Bond No. BR-1, constituting the entire original issue of The Town of Buffalo Sewer Revenue Bonds, Series 1990 B, in the principal amount of \$12,652, both dated September 6, 1990 (collectively, the "Bonds"), executed by the Mayor and Recorder 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 and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated September 6, 1990, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"); and

(4) Signed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and Bonds.

You are hereby requested and authorized to deliver the Series 1990 A Bonds and Series 1990 B Bonds to the Authority upon payment to the account of the Issuer of the sum of \$292,820, representing the agreed aggregate purchase price of the Series 1990 A Bonds and Series 1990 B Bonds, there being no accrued interest thereon. Prior to such delivery of the Series 1990 A Bonds and

Series 1990 B Bonds, you will please cause the Series 1990 A Bonds and Series 1990 B Bonds to be authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 6th day of September, 1990.

THE TOWN OF BUFFALO

By

Mayor

A handwritten signature in cursive script is written over a horizontal line. The signature appears to be "J. Smith".

09/04/90
BUFFAL0J.F4
11610/88001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

RECEIPT FOR SERIES 1990 C BONDS AND TRANSCRIPT

The undersigned, for Farmers Home Administration of the United States Department of Agriculture (the "Purchaser"), hereby certifies as follows:

1. On the 6th day of September, 1990, at Charleston, West Virginia, the undersigned received for the Purchaser the single, fully registered The Town of Buffalo Sewer Revenue Bond, Series 1990 C, No. CR-1 (the "Series 1990 C Bond"), in the principal amount of \$396,000, dated the date hereof, bearing interest at the rate of 6.0% per annum, payable in monthly installments as stated in the Series 1990 C Bond, being the only bond upon original issuance of a series of bonds designated as The Town of Buffalo Sewer Revenue Bonds, Series 1990 C. The Series 1990 C Bond is being issued concurrently with the Town's \$280,168 Sewer Revenue Bonds, Series 1990 A, and its \$12,652 Sewer Revenue Bonds, Series 1990 B, which Bonds are sold on this date to the West Virginia Water Development Authority.

2. At the time of such receipt, the Series 1990 C Bond had been executed and sealed by the designated officials of the Town.

3. At the time of such receipt, there was paid to said Town the sum of \$20,000, being a portion of the principal amount of the Series 1990 C Bond. The balance of the principal amount of the Series 1990 C Bond will be advanced to the Town as construction of the Project progresses.

4. At the time of such receipt, there was also received by the undersigned a set of Bond Transcript documents.

WITNESS my signature on this 6th day of September, 1990.

James H. Anderson
for Forrest W. Southall

District Director of Farmers Home
Administration

09/04/90
BUFFALOJ.G5
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,

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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	332.85
01-Oct-2001	332.95
01-Oct-2002	332.95
01-Oct-2003	332.95
01-Oct-2004	332.95
01-Oct-2005	332.85
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	332.85
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

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(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.III
11610/88001

STEPTOE & JOHNSON

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SIXTH FLOOR

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OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

September 6, 1990

The Town of Buffalo Sewer Revenue Bonds, Series 1990 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have acted 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 \$280,168 Sewer Revenue Bonds, Series 1990 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 6, 1990, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1991, at the rate of 8.10% per annum, and with principal installments payable on October 1 in each of the years 1992 through 2029, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) paying interest on the Local Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Local Bonds; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond and notes ordinance duly enacted by the Issuer on July 2, 1990, as supplemented by a supplemental resolution adopted September 4, 1990 (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 that 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, under existing law, as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute 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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local 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 referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, on parity, however, with respect to the liens and pledges of and sources of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990 C, issued concurrently herewith in the aggregate

principal amount of \$396,000, all in accordance with the terms of the Local Bonds and the Local Act.

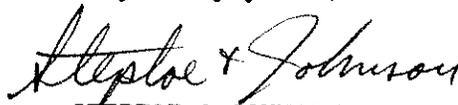
5. The interest on the Local Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

6. The Local Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local 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 Local Bonds and the enforceability of the Local Bonds, the Loan Agreement and the Local Act, and the liens and pledges therein, may be subject to 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 Local 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

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STEPTOE & JOHNSON

ATTORNEYS AT LAW

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LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

September 6, 1990

The Town of Buffalo Sewer Revenue Bonds, Series 1990 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have acted 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 \$12,652 Sewer Revenue Bonds, Series 1990 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated September 6, 1990, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1992 through 2029, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made a part of the Supplemental Bonds.

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The Supplemental Loan Agreement is supplemental to a loan agreement also dated September 6, 1990, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to liens, pledges and sources of and security for payment to the "Sewer Revenue Bonds, Series 1990 A" (the "Local Bonds") issued in the aggregate principal amount of \$280,168, and the "Sewer Revenue Bonds, Series 1990 C" (the "Series 1990 C Bonds"), issued in the aggregate principal amount of \$396,000, both of which are issued simultaneously herewith.

The Supplemental Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) financing 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) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond and notes ordinance duly enacted by the Issuer on July 2, 1990, as supplemented by a supplemental resolution adopted September 4, 1990 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

2. The Supplemental 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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The

Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

4. The Supplemental 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 referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate only to the Local Bonds and the Series 1990 C Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

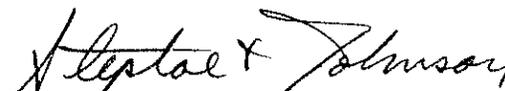
5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

6. The Supplemental Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds, the Supplemental Loan Agreement and the Local Act, and the liens and pledges therein, may be subject to 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 Supplemental Bond numbered BR-1, and in our opinion the form of such bond and its execution and authentication are regular and proper.

Very truly yours,


STEPTOE & JOHNSON

09/04/90
BUFFALOJ.14
11610/88001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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OF COUNSEL
RALPH BOHANNON
WRITER'S DIRECT DIAL NUMBER

September 6, 1990

The Town of Buffalo Sewer Revenue Bonds, Series 1990 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$280,168 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A (the "Local Bonds"), of The Town of Buffalo (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

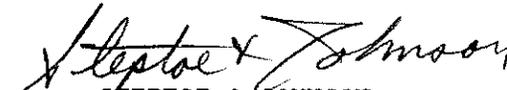
Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

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Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. Assuming the West Virginia Water Development Authority (the "Authority") exclusively lends proceeds of its Water Development Revenue Bonds (Loan Program II) 1990 Series A in a manner that does not result in such bonds being private activity bonds, as defined in the Code, and the use of the proceeds by each borrower from the Authority would not result in those proceeds being private activity bonds (if viewed as a separate issue), it is our further opinion, based upon such Certificate as to Arbitrage and under existing statutes, regulations, rulings and court decisions, that proceeds of the Local Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

The opinions set forth above are further subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of the Local Bonds.

Very truly yours,


STEPTOE & JOHNSON

09/05/90
BUFFALOJ.J5
11610/88001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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ANDREW L. PATERNOSTRO
SHERRI S. REED
RONALD T. TOMASKO
LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

September 6, 1990

The Town of Buffalo \$396,000 Sewer Revenue Bonds, Series 1990 C

The Town of Buffalo
Buffalo,
West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Town of Buffalo, Putnam County, West Virginia (the "Issuer"), of its \$396,000 Sewer Revenue Bonds, Series 1990 C, dated the date hereof (the "Series 1990 C Bonds"), pursuant to Chapter 16, Article 13 of the Official West Virginia Code of 1931, as amended (the "Local Statute"), a bond and notes ordinance of the Issuer duly enacted July 2, 1990, and a supplemental resolution of the Issuer duly adopted September 4, 1990 (collectively, the "Local Act"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Local Act and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

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

16A

power and authority to adopt and enact the Local Act, perform the agreements on its part contained therein, and issue and sell the Series 1990 C Bonds, all under the Local Statute and other applicable provisions of law.

2. The Local Act has been duly and effectively adopted and enacted by the Issuer and, when payment in full for the Series 1990 C Bonds has been received, and assuming the status of all material conditions which affect or might affect such Bond issue remains unchanged, will constitute a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Local Statute, the Local Act, when payment in full for the Series 1990 C Bonds has been received, and assuming the status of all material conditions which affect or might affect such Bond issue remains unchanged, will create a valid lien on the funds pledged by the Local Act for the security of the Series 1990 C Bonds on a parity with the Issuer's Sewer Revenue Bonds, Series 1990 A, issued concurrently herewith in the aggregate principal amount of \$280,168, and other bonds (if any) issued or to be issued under the Local Act, subject to no prior lien granted under the Local Statute.

4. The Series 1990 C Bonds have been duly authorized, executed and delivered, and when payment in full has been received, and assuming the status of all material conditions which affect or might affect such Bond issue remains unchanged, will constitute valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Local Act.

5. The interest on the Series 1990 C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 1990 C Bonds.

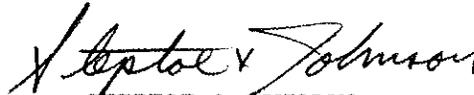
6. The Series 1990 C Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and interest on the Series 1990 C Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

The Town of Buffalo
Page 3

7. Assuming that the status of all material conditions which affect or might affect such Bond issue remains unchanged, upon such payment of the full purchase price of the Series 1990 C Bonds at a later date, Bond Transcript documents substantially or exactly in the form of those delivered herewith will be delivered, fully executed and dated on the date of full payment for the Series 1990 C Bonds.

It is to be understood that the rights of the Holders of the Series 1990 C Bonds and the enforceability of the Series 1990 C Bonds, the Local Act 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON

09/04/90
BUFFALOJ.K4
11610/88001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

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LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON
WRITER'S DIRECT DIAL NUMBER

September 6, 1990

The Town of Buffalo \$396,000 Sewer Revenue Bonds, Series 1990 C

The Town of Buffalo
Buffalo,
West Virginia

Ladies and Gentlemen:

Please refer to our preliminary approving legal opinion of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

It is our opinion that, under existing statutes, regulations, rulings and court decisions, and subject to the qualifications set forth in our preliminary approving legal opinion hereinabove described, and based upon the Certificate as to Arbitrage executed by the Mayor of The Town of Buffalo (the "Issuer"), of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, the above-captioned Bonds (the "Series 1990 C Bonds") are not "arbitrage bonds" under the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). While we have undertaken no independent investigation or verification of the certifications, statements, expectations or representations set forth in said Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

It is our further opinion, based upon such Certificate as to Arbitrage and under existing statutes, regulations, rulings and court decisions, that

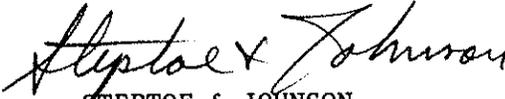
16B

The Town of Buffalo
Page 2

proceeds of the Series 1990 C Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

The opinions set forth above are further subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds.

Very truly yours,


STEPTOE & JOHNSON

09/04/90
BUFFALOJ.L4
11610/88001

(LETTERHEAD OF STEPTOE & JOHNSON)
(Form of Final Approving Opinion)

_____, 19____
[To be dated the date of final closing]

The Town of Buffalo
\$396,000 Sewer Revenue Bonds, Series 1990 C

The Town of Buffalo
Buffalo,
West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Town of Buffalo, Putnam County, West Virginia (the "Issuer"), of its \$396,000 Sewer Revenue Bonds, Series 1990 C, dated the date of delivery (the "Series 1990 C Bonds"), pursuant to Chapter 16, Article 13 of the Official West Virginia Code of 1931, as amended (the "Local Statute"), a bond and notes ordinance of the Issuer duly enacted July 2, 1990, and a supplemental resolution of the Issuer duly adopted September 4, 1990 (collectively, the "Local Act"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the representations of the Issuer contained in the Local Act and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

17A

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to adopt and enact the Local Act, perform the agreements on its part contained therein, and issue and sell the Series 1990 C Bonds, all under the Local Statute and other applicable provisions of law.

2. The Local Act has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Local Statute, the Local Act creates a valid lien on the funds pledged by the Local Act for the security of the Series 1990 C Bonds on a parity with the Issuer's Sewer Revenue Bonds, Series 1990 A, issued concurrently with the Series 1990 C Bonds, in the aggregate principal amount of \$280,168, and other bonds (if any) issued or to be issued under the Local Act, subject to no prior lien granted under the Local Statute.

4. The Series 1990 C Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Local Act.

5. The interest on the Series 1990 C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 1990 C Bonds.

6. The Series 1990 C Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and interest on the Series 1990 C Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

The Town of Buffalo
Page 3

It is to be understood that the rights of the Holders of the Series 1990 C Bonds and the enforceability of the Series 1990 C Bonds, the Local Act 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON

09/04/90
BUFFALOJ.M4
11610/88001

(LETTERHEAD OF STEPTOE & JOHNSON)
(Form of Final No Arbitrage Opinion)

_____, 19____
[To be dated the date of final closing]

The Town of Buffalo
\$396,000 Sewer Revenue Bonds, Series 1990 C

The Town of Buffalo
Buffalo,
West Virginia

Ladies and Gentlemen:

Please refer to our final approving legal opinion of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

It is our opinion that, under existing statutes, regulations, rulings and court decisions, and subject to the qualifications set forth in our final approving legal opinion hereinabove described, and based upon the certificates executed by the Mayor of The Town of Buffalo (the "Issuer"), of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, the above-captioned Bonds (the "Series 1990 C Bonds") are not "arbitrage bonds" under the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). While we have undertaken no independent investigation or verification of the certifications, statements, expectations or representations set forth in said certificates, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

It is our further opinion, based upon such certificates and under existing statutes, regulations, rulings and court decisions, that proceeds of

The Town of Buffalo
Page 2

the Series 1990 C Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

The opinions set forth above are further subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds.

Yours very truly,

STEPTOE & JOHNSON

09/04/90
BUFFALOJ.N4
11610/88001

Franklin L. Gritt, Jr.

Attorney at Law
3240 Winfield Road
P.O. Box 357
Winfield, WV 25213
(304) 586-3693

September 6, 1990

The Town of Buffalo
Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Ladies and Gentlemen:

I am counsel to The Town of Buffalo, in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated September 6, 1990, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings as therein when used herein.

I am of the opinion that:

1. 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 in accordance with its terms.

2. The Issuer and the Sanitary Board of the Issuer have been duly created and the Mayor, Recorder and members of the council and the 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.

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

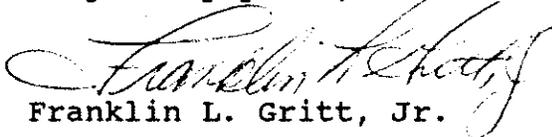
4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default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

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered as the Recommended Decision of the Administrative Law Judge on August 17, 1990 (Case No. 90-131-S-CH), granting to the Issuer a Certificate of Convenience and Necessity with respect to the Project has not expired prior to the date hereof; however, the staff of the Public Service Commission of West Virginia has stated in a letter dated August 31, 1990, that it does not intend to file a petition for reconsideration, further hearing, rehearing or reopening of or appeal or to otherwise challenge such Final Order. There are no intervenors, protestants or other public parties of record in the case, other than the Issuer and the Public Service Commission of West Virginia. The Issuer will not petition for reconsideration, further hearing, rehearing or reopening or appeal or otherwise challenge such Final order.

6. To the best of my knowledge, there is no 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 acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,



Franklin L. Gritt, Jr.

FLG,Jr/sk

Franklin L. Gritt, Jr.

Attorney at Law

3240 Winfield Road
P.O. Box 357
Winfield, WV 25213
(304) 586-3693

September 6, 1990

The Town of Buffalo
\$396,000 Sewer Revenue Bonds, Series 1990 C

The Town of Buffalo
Post Office Box 217
Buffalo, West Virginia 25033

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26302

Ladies and Gentlemen:

I am counsel to The Town of Buffalo, a municipal corporation in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the preliminary approving opinion of Steptoe & Johnson, as bond counsel, the Local Act (as defined therein), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in said opinions and the Local Act and not otherwise defined herein shall have the same meanings as therein when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia. The Sanitary Board of the Issuer is duly created and validly existing as a sanitary board pursuant to the Local Statute.

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

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

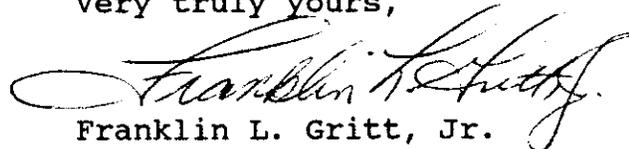
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Local Act, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any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

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including without limitation, all requisite orders, certificates, consents and approvals from the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without appeal.

6. To the best of my knowledge, there is no 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 Bonds and the Local Act, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,


Franklin L. Gritt, Jr.

FLG,Jr/sk

(LETTERHEAD OF FRANKLIN L. GRITT, JR.)

(Form of Final Opinion of Counsel to Issuer)

_____, 19____
[To be dated the date of final closing]

The Town of Buffalo
\$396,000 Sewer Revenue Bonds, Series 1990 C

The Town of Buffalo
Buffalo,
West Virginia

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26302

Ladies and Gentlemen:

I am counsel to The Town of Buffalo, a municipal corporation, in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the final approving opinion of Steptoe & Johnson, as bond counsel, the Local Act (as defined therein), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in said opinions and the Local Act and not otherwise defined herein shall have the same meanings as therein when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia. The Sanitary Board of the Issuer is duly created and validly existing as a sanitary board pursuant to the Local Statute.

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

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Local Act, 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 agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including without limitation, all requisite orders, certificates, consents and approvals from the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without appeal.

6. To the best of my knowledge, there is no 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 Bonds and the Local Act, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,

FRANKLIN L. GRITT, JR.

08/31/90
BUFFALOJ.Q4
11610/88001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME, ETC.
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS, ETC.
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
16. PUBLIC SERVICE COMMISSION ORDER
17. PRIVATE USE OF FACILITIES
18. NO FEDERAL GUARANTY
19. IRS INFORMATION RETURN
20. SPECIMEN BONDS

We, the undersigned MAYOR and RECORDER of The Town of Buffalo, in Putnam County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$292,820 aggregate principal amount of The Town of Buffalo Sewer Revenue Bonds, Series 1990 A and Series 1990 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer finally enacted July 2, 1990, and a Supplemental Resolution adopted September 4, 1990 (collectively, the "Local Act").

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 Bonds, construction of the Project, the operation of the System, the receipt of the Grant Receipts or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants or any proceedings of the Issuer taken with respect to the issuance or sale

of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

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

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

The Issuer's Sewer Revenue Bonds, Series 1990 C, issued concurrently herewith in the aggregate principal amount of \$396,000, are issued on a parity with respect to liens, pledges, sources of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990 A, and senior and prior with respect to liens, pledges, sources of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990 B, and sold to the United States Department of Agriculture, Farmers Home Administration. There are no other outstanding debt 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, supplemented or changed in any way unless modification appears from later documents also listed below:

Charter of The Town of Buffalo.

Certified Copies of Oaths of Office of
Councilmembers.

Ordinance Creating Sanitary Board.

Petition of Sanitary Board.

Bond and Notes Ordinance.

Supplemental Resolution.

Rate Ordinance.

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

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

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution.

Minutes on Enactment of Rate Ordinance.

Loan Agreement.

Supplemental Loan Agreement.

Environmental Protection Agency Grant Agreement, with Part B Amendment.

Farmers Home Administration Grant Agreement.

Department of Housing and Urban Development Grant Agreement (Small Cities Block Grant).

Public Service Commission Final Order entered as Recommended Decision of ALJ on August 17, 1990.

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper name of the Issuer is "The Town of Buffalo." The Issuer is a municipal corporation in Putnam County and 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 a Mayor, a Recorder and 5 councilmembers, all duly elected, qualified and acting, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
H. B. Hill	- Mayor	July 1, 1989	June 30, 1991
Gaye Hudson	- Recorder	July 1, 1989	June 30, 1991
William Whittington	- Councilmember	July 1, 1989	June 30, 1991
Daisy Thornton	- Councilmember	July 1, 1989	June 30, 1991
Lea H. Martin	- Councilmember	July 1, 1989	June 30, 1991
Terry Parsons	- Councilmember	July 1, 1989	June 30, 1991
John Mash	- Councilmember	July 1, 1989	June 30, 1991

The names of the duly appointed and acting members of the Sanitary Board of the Issuer are as follows:

H. B. Hill	-	Chairman
E. L. Robinson, P.E.	-	Member
Stuart Sullivan	-	Member

The duly appointed and acting counsel to the Issuer is Franklin L. Gritt, Jr., Esquire, of Winfield, West Virginia.

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

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 construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Bond Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS, ETC: As of the date hereof, the grant from the United States Environmental Protection Agency in the amount of \$1,413,860, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant) in the amount of \$750,000, and the grant from the United States Department of Agriculture, Farmers Home Administration in the amount of \$49,000 are committed and in full force and effect. All funds of the Issuer to be used to pay the Project costs, being \$2,926,680, are lawfully available therefor.

11. 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.

12. RATES: The Issuer has duly enacted a rate ordinance on June 5, 1989, setting rates and charges for the services of the System. The period for appeal of such rate ordinance has expired and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated September 6, 1990, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said

official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Series 1990 A Bonds and the Series 1990 B Bonds, being \$292,820 (100% of par value), there being no interest accrued thereon.

15. 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 a newspaper published and of general circulation 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 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 July, 1990, at 7:00 p.m., in the Council Chambers of the Town Hall of The Town of Buffalo and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the 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.

16. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received a Final Order of the Public Service Commission of West Virginia entered as the Recommended Decision of the Administrative Law Judge on August 17, 1990 (Case No. 90-131-S-CN), granting to the Issuer a Certificate of Convenience and Necessity with respect to the Project. The time for appeal of such Order has not expired prior to the date hereof; however, the staff of the Public Service Commission of West Virginia has stated in a letter dated August 31, 1990, that it does not intend to file a petition for reconsideration, further hearing, rehearing or reopening of or appeal or to otherwise challenge such Final Order. There are no intervenors, protestants or other parties of record in the case, other than the Issuer and the Public Service Commission of West Virginia. The Issuer will not petition for reconsideration, further hearing, rehearing or reopening or appeal or otherwise challenge such Final Order.

17. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any

and all actions necessary, to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

18. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

19. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

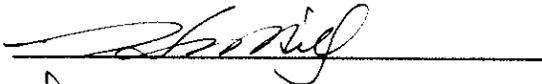
20. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of THE TOWN OF
BUFFALO on this 6th day of September, 1990.

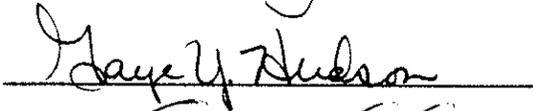
[CORPORATE SEAL]

SIGNATURE

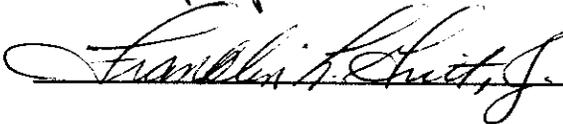
OFFICIAL TITLE



Mayor



Recorder



Counsel to Issuer

09/05/90
BUFFALOJ.R6
11610/88001

(Preliminary Certificate)

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 1990 C

CERTIFICATE OF:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. PUBLICATION AND NO PROTEST
16. RATE FILING WITH PSC
17. PRIVATE USE OF FACILITIES
18. NO FEDERAL GUARANTY
19. IRS INFORMATION RETURN
20. RELIANCE

We, the undersigned MAYOR and RECORDER of The Town of Buffalo, in Putnam County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with The Town of Buffalo Sewer Revenue Bonds, Series 1990 C, No. CR-1, dated on the date hereof, fully registered, in the principal amount of \$396,000, and bearing interest at the rate of 6.0% per annum (the "Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds have been duly awarded to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, as amended, and as appears in the Bond Ordinance of the Issuer finally enacted July 2, 1990, and Section 1(c) of the Supplemental Resolution of the Issuer adopted September 4, 1990, authorizing issuance of the Bonds (collectively, the "Ordinance" or "Bond Ordinance"). The Bonds

are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries or jurisdiction of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant moneys committed for the Project; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the Bonds, the grants committed for the Project or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Common Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the sewerage system of the Issuer, including the Project (the "System"), or the acquisition and construction of additions, betterments or improvements thereto (the "Project"), a portion of the cost of which is being financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, the time for appeal of which or rehearing having expired. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since the approval by the Purchaser of a loan to assist in the acquisition and construction of the Project.

The Sewer Revenue Bonds, Series 1990 A, of the Issuer (the "Series 1990 A Bonds"), issued concurrently herewith in the aggregate principal amount of \$280,168, are issued on a parity with respect to liens, pledges and sources of and security for payment with the Bonds. The Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued concurrently herewith in the aggregate

principal amount of \$12,652, are junior and subordinate with respect to liens, pledges and sources of and security for payment to the Bonds. Both the Series 1990 A Bonds and the Series 1990 B Bonds are being sold to the West Virginia Water Development Authority.

Except for the Series 1990 A Bonds issued concurrently herewith, there are no other outstanding bonds or obligations which will rank prior to or on a parity with the Bonds as to liens, pledges and/or sources of and security for payment.

5. SIGNATURES, ETC.: The undersigned Mayor and Recorder did, for the Issuer on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures, and said officers are duly elected or appointed, as applicable, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

6. 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, supplemented or changed in any way unless modification appears from later documents also listed below:

Charter of The Town of Buffalo.

Bond and Notes Ordinance.

Supplemental Resolution.

Certified copies of Oaths of Office of Councilmembers.

Ordinance creating Sanitary Board.

Petition of Sanitary Board.

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

Rate Ordinance.

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

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution.

Minutes on Enactment of Rate Ordinance.

Farmers Home Administration Grant Agreement.

Environmental Protection Agency Grant Agreement, with Part B Amendment.

Department of Housing and Urban Development Grant Agreement (Small Cities Block Grant).

Public Service Commission Final Order entered as Recommended Decision of ALJ on August 17, 1990.

The undersigned Mayor hereby covenants that he has or will file tariffs pursuant to said Final Order of the Public Service Commission when the completion date of the Project is definitely known, or has or will cause such tariffs to be filed in accordance with said Order.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper name of the Issuer is "The Town of Buffalo." The Issuer is a municipal corporation in Putnam County and 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 a Mayor, a Recorder and 5 councilmembers, all duly elected, qualified and acting, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
H. B. Hill	- Mayor	July 1, 1989	June 30, 1991
Gaye Hudson	- Recorder	July 1, 1989	June 30, 1991
William Whittington	- Councilmember	July 1, 1989	June 30, 1991
Daisy Thornton	- Councilmember	July 1, 1989	June 30, 1991
Lea H. Martin	- Councilmember	July 1, 1989	June 30, 1991
Terry Parsons	- Councilmember	July 1, 1989	June 30, 1991
John Mash	- Councilmember	July 1, 1989	June 30, 1991

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	H. B. Hill
Member	-	E. L. Robinson
Member	-	Stuart Sullivan

The duly appointed and acting Attorney for the Issuer is Franklin L. Gritt, Jr., Esquire, of Winfield, West Virginia.

8. DELIVERY AND PAYMENT: On the date hereof, Bond No. CR-1 was delivered to the Purchaser at Charleston, West Virginia, by the undersigned Mayor for the purposes herein set forth, and at the time of such delivery, the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Ordinance.

At the time of delivery of Bond No. CR-1, the amount of \$20,000 was received by the undersigned Mayor, being a portion of the principal amount of Bond No. CR-1, the balance to be paid as acquisition and construction of the Project progresses.

Bond No. CR-1 is dated the date hereof, and interest on advances of principal thereof at the rate of 6.0% per annum is payable from the date of each respective advance.

The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

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

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and 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 Official West Virginia Code of 1931, as amended, and a quorum of duly elected,

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.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Bond Ordinance.

12. CONNECTIONS, ETC.: The Issuer has at least 384 bona fide customers served by the System, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. GRANTS: As of the date hereof, the grant from the Farmers Home Administration in the amount of \$49,000, the grant from the Department of Housing and Urban Development (Small Cities Block Grant) in the amount of \$75,000, and the grant from the Environmental Protection Agency in the amount of \$1,413,960 are committed and in full force and effect. All funds of the Issuer to be used to pay the Project costs, being \$2,926,680, are lawfully available therefor.

15. PUBLICATION AND NO PROTEST: Notice of public hearing upon the Bond Ordinance, finally adopted and enacted July 2, 1990, was duly published as required by law.

There was not any protest to the passage of the Bond Ordinance, oral or written, and such Ordinance became fully effective on July 2, 1990, following such public hearing, and remains in full force and effect.

16. RATE FILING WITH PSC: Pursuant to West Virginia Code Section 24-2-4b, the Issuer has filed the rates and rules contained in the rate ordinance authorizing such rates and rules with the Public Service Commission of West Virginia.

17. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary, to assure the initial and continued tax-exempt status of the Bonds, and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly,

secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

18. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

19. IRS INFORMATION RETURN: The information contained in the Information Return to be filed pursuant to Section 149(e) of the Code in connection with the issuance of the Bonds is true, complete and correct.

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

WITNESS our signatures and the official seal of THE TOWN OF
BUFFALO on this 6th day of September, 1990.

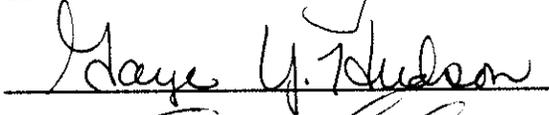
[CORPORATE SEAL]

SIGNATURE

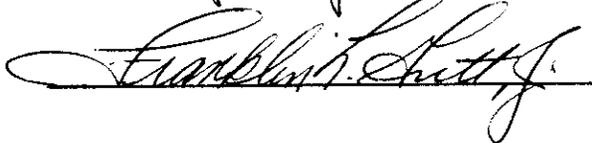
OFFICIAL TITLE



Mayor



Recorder



Attorney for Issuer

09/05/90
BUFFALOJ.56
11610/88001

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(Form of Final Certificate)

THE TOWN OF BUFFALO

Sewer Revenue Bonds, Series 1990 C

CERTIFICATE OF:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. PUBLICATION AND NO PROTEST
16. RATE FILING WITH PSC
17. PRIVATE USE OF FACILITIES
18. NO FEDERAL GUARANTY
19. IRS INFORMATION RETURN
20. NO ARBITRAGE
21. RELIANCE

We, the undersigned MAYOR and RECORDER of The Town of Buffalo, in Putnam County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with The Town of Buffalo Sewer Revenue Bonds, Series 1990 C, No. CR-1, dated on the date of delivery thereof, fully registered, in the principal amount of \$396,000, and bearing interest at the rate of 6.0% per annum (the "Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds have been duly awarded to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, as amended, and as appears in the Bond Ordinance of the Issuer finally enacted July 2, 1990, and Section 1(c) of the Supplemental Resolution of the Issuer adopted September 4, 1990, authorizing issuance of the Bonds (collectively, the "Ordinance" or "Bond Ordinance"). The Bonds

have been issued to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries or jurisdiction of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant moneys committed for the Project; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the Bonds, the grants committed for the Project or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Common Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the sewerage system of the Issuer (the "System"), or the acquisition and construction of additions, betterments or improvements thereto (the "Project"), a portion of the cost of which is being financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, the time for appeal of which or rehearing having expired. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since the approval by the Purchaser of a loan to assist in the acquisition and construction of the Project.

The Sewer Revenue Bonds, Series 1990 A, of the Issuer (the "Series 1990 A Bonds"), issued concurrently in the aggregate principal amount of \$280,168, were issued on a parity with respect to liens, pledges and sources of and security for payment with the Bonds. The Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued concurrently in the aggregate principal amount of \$12,652, were issued junior and subordinate with respect to liens, pledges and sources of and security for payment to the Bonds. Both the

Series 1990 A Bonds and the Series 1990 B Bonds have been sold to the West Virginia Water Development Authority.

Except for the Series 1990 A Bonds, there are no other outstanding bonds or obligations which will rank prior to or on a parity with the Bonds as to liens, pledges and/or sources of and security for payment.

5. SIGNATURES, ETC.: The undersigned Mayor and Recorder did, for the Issuer on September 6, 1990, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers were duly elected or appointed, as applicable, qualified and serving officers as indicated by the official titles, and were at the time of such delivery duly authorized to execute and seal the Bonds for the Issuer.

6. 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, supplemented or changed in any way unless modification appears from later documents also listed below:

Charter of The Town of Buffalo.

Bond and Notes Ordinance.

Supplemental Resolution.

Certified copies of Oaths of Office of Councilmembers.

Ordinance creating Sanitary Board.

Petition of Sanitary Board.

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

Rate Ordinance.

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

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution.

Minutes on Enactment of Rate Ordinance.

Farmers Home Administration Grant Agreement.

Environmental Protection Agency Grant Agreement, with Part B Amendment.

Department of Housing and Urban Development Grant Agreement (Small Cities Block Grant).

Public Service Commission Final Order entered as Recommended Decision of ALJ on August 17, 1990.

The undersigned Mayor hereby covenants that he has or will file tariffs pursuant to said Final Order of the Public Service Commission when the completion date of the Project is definitely known, or has or will cause such tariffs to be filed in accordance with said Order.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper name of the Issuer is "The Town of Buffalo." The Issuer is a municipal corporation in Putnam County and 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 a Mayor, a Recorder and 5 councilmembers, all duly elected, qualified and acting, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
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The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman -
Member -
Member -

The duly appointed and acting Attorney for the Issuer is Franklin L. Gritt, Jr., Esquire, of Winfield, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On September 6, 1990, Bond No. CR-1 was delivered to the Purchaser at Charleston, West Virginia, by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery, the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Ordinance.

At the time of delivery of Bond No. CR-1, the amount of \$20,000 was received by the undersigned Mayor, being a portion of the principal amount of Bond No. CR-1. As of the date hereof, the entire balance of the principal amount of the Bonds has been paid to and received by the Issuer.

Bond No. CR-1 is dated the date of delivery thereof, and interest on advances of the principal thereof at the rate of 6.0% per annum is payable from the date of each respective advance.

The Bonds and the entire proceeds thereof have been and will be used for the purposes herein set forth and for no other purposes.

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

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and 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 Official West Virginia Code of 1931, as amended, and a quorum of duly elected, 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.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Bond Ordinance.

12. CONNECTIONS, ETC.: The Issuer now serves at least 384 bona fide customers, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to said Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

14. GRANTS: As of the date hereof, the grant from the Farmers Home Administration in the amount of \$49,000, the grant from the Department of Housing and Urban Development (Small Cities Block Grant) in the amount of \$750,000, and the grant from the Environmental Protection Agency in the amount of \$_____ are committed and in full force and effect. All funds of the Issuer to be used to pay the Project costs, being \$_____, are lawfully available therefor.

15. PUBLICATION AND NO PROTEST: Notice of public hearing upon the Bond Ordinance, finally adopted and enacted July 2, 1990, was duly published as required by law.

There was not any protest to the passage of the Bond Ordinance, oral or written, and such Ordinance became fully effective on July 2, 1990, following such public hearing, and remains in full force and effect.

16. RATE FILING WITH PSC: Pursuant to West Virginia Code Section 24-2-4b, the Issuer has filed the rates and rules contained in the rate ordinance authorizing such rates and rules with the Public Service Commission of West Virginia.

17. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any

and all actions necessary, to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

18. NO FEDERAL GUARANTY: The Bonds have not been, are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

19. IRS INFORMATION RETURN: The information contained in the Information Return filed pursuant to Section 149(e) of the Code in connection with the issuance of the Bonds is true, complete and correct.

20. NO ARBITRAGE: On the basis of the facts, estimates and circumstances in existence on the date hereof, it is reasonably expected and estimated as hereinafter set forth with respect to the Bonds and the proceeds thereof.

It is estimated that the total costs of acquisition and construction of the Project will be not less than \$_____. The said total costs are expected to be financed with:

(i) \$_____ of proceeds from the sale of the Bonds;

(ii) \$_____ of proceeds from the sale of the Series 1990 A Bonds and the Series 1990 B Bonds; and

(iii) Grant moneys in the amount of not more than \$_____; and

(iv) Issuer's own funds in the amount of \$_____.

The purchase price of the Bonds, being \$396,000 (100% of par value, with no accrued interest being paid thereon), has been deposited in the Project Construction Trust Fund provided for in Article V, Section 5.01, of the Bond Ordinance, has been and will be spent to finance a portion of the costs and expenses of the Project (including without limitation issuance costs and expenses) and for no other purpose. Amounts in the Project Construction Trust Fund, if invested, have been and will be invested without yield limitations for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

All proceeds of the Bonds used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds will be applied to reimbursement of costs which the Issuer intended, at all times, to finance with proceeds of the Bonds, and none of such costs were paid or incurred prior to October, 1988.

The Issuer has heretofore entered into a contract for the acquisition and construction of the Project, which contract obligates payment by the Issuer of not less than \$100,000 and is a substantial binding commitment. The actual work of acquiring and constructing the Project commenced during the month of _____, 19____. It is contemplated that such work will proceed with due diligence to completion, expected on or about _____, 19____.

The Issuer has heretofore expended, for payment of costs incurred in acquiring and constructing the Project, approximately \$_____, derived from (i) a portion of the aforesaid grants and (ii) _____.

The proceeds derived by the Issuer from the sale of the Bonds were used, needed and fully expended for payment of costs of acquiring and constructing the Project by no later than _____, 19_____.

Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds has been or will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

The Issuer had, at all relevant times, and has general taxing powers; no Bonds which are part of such issue have been or are private activity bonds, as hereinbefore set forth; 95% or more of the net proceeds of such issue have been and 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 aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year in which such issue was or has been issued was not and/or is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code. For purposes of this paragraph and for the purposes of applying such Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer have been and shall be treated as one issuer; all obligations issued by a subordinate entity have been and shall be, for purposes of applying this paragraph and Section 148(f)(4)(C) of the Code to each other entity to which such entity is subordinate, 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 have been and shall be treated as one issuer. No portion of the issue of the Bonds have been issued to refund other obligations.

Except for the Series 1990 C Bonds Reserve Account, and except as otherwise set forth herein, the Issuer has not created or established, and does not expect to create or establish, any sinking fund or other similar fund with respect to the Bonds. The Issuer does not expect the Series 1990 A Bonds Sinking Fund (including the Series 1990 A Bonds Reserve Account therein), the Series 1990 B Bonds Sinking Fund (including the Series 1990 B Bonds Reserve Account therein) or the Renewal and Replacement Fund, all provided for in Article V of the Bond Ordinance, will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been

or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. None of the moneys arising from the sale of the Bonds have been or will be deposited in the Series 1990 C Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1990 C Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds (the "Minimum Reserve") and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1990 C Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1990 C Bonds Reserve Account is required by the Purchaser, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds. Principal of and interest on the Bonds have been and will be paid directly to the Purchaser out of revenues of the System in the Revenue Fund provided for in Article V, Section 5.01, of the Bond Ordinance, except to the extent otherwise provided herein. The amounts paid by the Issuer from the Revenue Fund for debt service on the Bonds are intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. Such portions of the Revenue Fund will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds or 1 year's interest earnings on such portions of the Revenue Fund. Amounts deposited in such portions of the Revenue Fund will be expended within 13 months of the date of deposit and will be invested without yield limitation.

Except as otherwise allowed, investment earnings and profits have been and will be spent within a one year period beginning on the date of receipt.

The Issuer has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer that may not certify its bonds or that there is any disqualification of the Issuer because a certification made by the Issuer contains a material misrepresentation.

Except for the Series 1990 A Bonds and the Series 1990 B Bonds, there are no other obligations of the Issuer which (a) were or are to be issued at substantially the same time as the Bonds, (b) were or are to be sold pursuant to a common plan of financing together with the Bonds and (c) have been or will be paid out of substantially the same source of funds or have or will have substantially the same claim to be paid out of substantially the same source of funds as the Bonds.

This certificate is being executed and delivered pursuant to Sections 103 and 148 of the Code, and the undersigned Mayor is one of the officers of the Issuer duly charged by the Issuer with the responsibility of issuing the Bonds.

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

No part of the Project financed with the Bonds has been or will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

The undersigned Mayor is familiar with the facts, circumstances and estimates herein certified and is duly authorized to execute and deliver this certificate on behalf of the Issuer. This certificate may be relied upon as the certificate of the Issuer.

In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted to not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has covenanted to not intentionally use any portion of the proceeds of the issue of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it so that the interest on the 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.

The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds did not occur sooner than otherwise necessary, nor are the Bonds in a principal amount greater than otherwise necessary or to be outstanding longer than otherwise necessary.

On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

To the best of our knowledge, information and belief, the above expectations are reasonable.

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

WITNESS our signatures and the official seal of THE TOWN OF BUFFALO on this ____ day of _____, 19__.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

Attorney for Issuer

09/04/90
BUFFALOJ.T6
11610/88001

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THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A and Series 1990 C

CERTIFICATE AS TO ARBITRAGE

I, H. B. HILL, Mayor of THE TOWN OF BUFFALO, in Putnam County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$280,168 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A, of the Issuer, dated September 6, 1990 (the "Series 1990 A Bonds" or "Local Bonds"), and for the issuance of \$396,000 aggregate principal amount of Sewer Revenue Bonds, Series 1990 C, of the Issuer, dated September 6, 1990 (the "Series 1990 C Bonds"), hereby certify as follows:

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

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 6, 1990, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof or for more than a de minimis amount of the proceeds thereof as to the Series 1990 C Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted to not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds"

within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take any and all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions, which would adversely affect such exclusion.

6. The Series 1990 A Bonds and the \$12,652 aggregate principal amount of Series 1990 B Bonds (the "Series 1990 B Bonds or "Supplemental Bonds"), which Series 1990 B Bonds bear no interest, were sold on September 6, 1990, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$292,820 (100% of par). The Series 1990 C Bonds were sold on September 6, 1990, to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), for an aggregate purchase price of \$396,000 (100% of par), of which \$20,000 was received on the date hereof, which is more than a de minimis amount of the proceeds of the Series 1990 C Bonds. No accrued interest has been or will be paid on any of the Bonds. The Series 1990 B Bonds are junior and subordinate to the Series 1990 A Bonds and the Series 1990 C Bonds. The Series 1990 A Bonds and Series 1990 C Bonds are on a parity with each other. The Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds are collectively herein referred to as the "Bonds."

7. The Series 1990 A Bonds and Series 1990 C Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) paying the interest on the Series 1990 A Bonds during the acquisition or construction of the Project and for a period not exceeding 6 months after completion of construction or acquisition of the Project; (iii) funding a reserve account for the Series 1990 A Bonds; and (iv) paying costs of issuance thereof. The Series 1990 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding a reserve account for the Series 1990 B Bonds; and (iii) paying costs of issuance of the Series 1990 B Bonds.

8. The Issuer will, on the date hereof, enter into agreements which require the Issuer to expend in excess of \$100,000

on the Project constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and any proceeds deposited in the respective Reserve Accounts for the Bonds, 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 February, 1992. Acquisition and construction of the Project is expected to be completed by January, 1992.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$2,926,680. Sources and uses of funds for the Project are as follows:

Sources

Gross proceeds of Series 1990 A Bonds	\$ 280,168
Gross proceeds of Series 1990 B Bonds	12,652
Gross proceeds of Series 1990 C Bonds	396,000
EPA Grant	1,413,860
FmHA Grant	49,000
HUD Grant	750,000
Issuer's Funds	<u>25,000</u>
Total Sources	<u>\$2,926,680</u>

Uses

Acquisition and Construction of Project	\$2,848,697
Capitalized Interest on the Series 1990 A Bonds	39,714
Funded Reserve for Series 1990 A Bonds	23,936
Funded Reserve for Series 1990 B Bonds	333
Funded Reserve for Series 1990 C Bonds	-0-
Costs of Issuance	<u>14,000</u>
Total Uses	<u>\$2,926,680</u>

The amount of Project costs not expected to be reimbursed or paid from grants, funds of the Issuer and Series 1990 B Bond proceeds is

estimated to be at least equal to the gross proceeds of the Series 1990 A Bonds and the Series 1990 C Bonds. Except for the proceeds of the Series 1990 A Bonds, the Series 1990 B Bonds, the Series 1990 C Bonds, the grants, funds of the Issuer and interest earnings during construction, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Bond Ordinance pursuant to which the Bonds are issued, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Series 1990 C Bonds Reserve Account;
- (3) Renewal and Replacement Fund;
- (4) Bond Construction Trust Fund, and within the Bond Construction Trust Fund, Account One and Account Two;
- (5) Series 1990 A Bonds Sinking Fund, and within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account; and
- (6) Series 1990 B Bonds Sinking Fund, and within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Ordinance pursuant to which the Bonds are issued, the proceeds of the Series 1990 A Bonds (and the Series 1990 B Bonds) will be deposited as follows:

- (1) Series 1990 A Bond proceeds in the amount of \$39,714 will be deposited in the Series 1990 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 1990 A Bonds during acquisition or construction of the Project and for a period not to exceed six months after completion thereof.
- (2) Series 1990 A Bond proceeds in the amount of \$23,936 and Series 1990 B Bond proceeds in the amount of \$333 will be deposited in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, respectively.

(3) Series 1990 A Bond proceeds in the amount of \$10,100 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(4) The balance of the proceeds of the Series 1990 A Bonds and the Series 1990 B Bonds will be deposited in Account One of the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

The purchase price of the Series 1990 C Bonds will be advanced as requested by the Issuer and such advances will be deposited in Account Two of the Bond Construction Trust Fund and will immediately thereafter be spent to finance a portion of the costs of the Project (including, without limitation, issuance costs and expenses) and for no other purpose.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

All proceeds of the Bonds used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds will be applied to reimbursement of costs which the Issuer intended, at all times, to finance with proceeds of the Bonds.

12. Moneys held in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1990 A Bonds, on a parity with the Series 1990 C Bonds, and the Series 1990 B Bonds, respectively, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1990 A Bonds Sinking Fund and Series 1990 A Bonds Reserve Account, the Series 1990 B Bonds Sinking Fund and Series 1990 B Bonds Reserve Account and the Series 1990 C Bonds Reserve Account will be returned, not less than once each year, to the Issuer, and such amounts shall, during construction of the Project, be deposited into 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.

13. Except for the Series 1990 A Bonds Sinking Fund and the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Sinking Fund and Series 1990 B Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 1990 A Bonds or the Series 1990 B Bonds, respectively, or which are pledged as collateral for the Series 1990 A Bonds or the Series 1990 B Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1990 A Bonds or the Series 1990 B Bonds, if the Issuer encounters financial difficulties, and except that the Series 1990 C Bonds Reserve Account is being held on a parity basis for the Series 1990 A Bonds and the Series 1990 C Bonds. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Series 1990 A Bonds or Series 1990 B Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, 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 designation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Series 1990 A Bonds, if any, will be deposited in the Series 1990 A Bonds Reserve Account or any other reserve or replacement fund, and less than 10% of the moneys received from the sale of the Series 1990 B Bonds, if any, will be deposited in the Series 1990 B Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1990 A Bonds Reserve Account and Series 1990 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively, and will not exceed 125% of average annual principal of and interest on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively. Amounts in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1990 A Bonds and the Series 1990 B Bonds, respectively, if invested, will be invested without yield limitation. The establishment of the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account are required by the Authority, are vital to its purchase of the Series 1990 A Bonds and the Series 1990 B Bonds, respectively, and are reasonably required to assure payments of debt service on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively.

Except for the Series 1990 C Bonds Reserve Account and except as otherwise set forth herein, the Issuer has not created or established, and does not expect to create or establish, any sinking

fund or other similar fund with respect to the Series 1990 C Bonds, and except that the Series 1990 A Bonds Sinking Fund and the Series 1990 A Bonds Reserve Account are being held on a parity basis for the Series 1990 A Bonds and the Series 1990 C Bonds, subject to any limitations in the Bond Ordinance pursuant to which the Bonds are issued. The Issuer does not expect the Renewal and Replacement Fund will be used or needed for payments upon the Series 1990 C Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment property producing a yield in excess of the yield on the Series 1990 C Bonds have been or will be pledged to payment of the Series 1990 C Bonds. None of the moneys arising from the sale of the Series 1990 C Bonds will be deposited in the Series 1990 C Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1990 C Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 1990 C Bonds and will not exceed 125% of average annual principal and interest on the Series 1990 C Bonds. Amounts in the Series 1990 C Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1990 C Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1990 C Bonds Reserve Account is required by the Purchaser, is vital to its purchase of the Series 1990 C Bonds and is reasonably required to assure payments of debt service on the Series 1990 C Bonds. Principal of and interest on the Series 1990 C Bonds will be paid directly to the Purchaser out of revenues of the System in the Revenue Fund, except to the extent otherwise provided herein.

Because amounts in the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. The Issuer expects to enter into a contract within 6 months of the date hereof, or has already entered into such a contract, for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction is expected to be completed within 15 months.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

17. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Series 1990 A Bonds and Series 1990 B Bonds to the Authority.

18. 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.

19. With the exception of the amount deposited in the Series 1990 A Bonds Sinking Fund for payment of interest on the Series 1990 A Bonds and amounts deposited in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, if any, all of the proceeds of the Series 1990 A Bonds and the Series 1990 B Bonds will be expended on the Project within 16 months from the date of issuance thereof.

20. The Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein) and the amounts paid to the Purchaser out of the Revenue Fund for debt service on the Series 1990 C Bonds are intended primarily to achieve a proper matching of payments of debt service on the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds, respectively, each year. The Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds, respectively, or 1 year's interest earnings on the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund, respectively. Except as otherwise allowed, any money deposited in the Series 1990 A Bonds Sinking Fund and in the Series 1990 B Bonds Sinking Fund for payment of the principal of or interest on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein), and such portions of the Revenue Fund will be spent within a 13-month

period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than in the Series 1990 A Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund will be spent within a 1-year period beginning on the date of receipt.

21. All the proceeds of the Series 1990 A Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of July 11, 1990.

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

23. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

24. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

25. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

26. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issues.

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

28. 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 any of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of any of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

29. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

30. The Issuer is a governmental unit and has general taxing powers; no 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 (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 1990, the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code. For purposes of this paragraph and for purposes of applying such 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 paragraph 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. No portion of the Bonds is issued to refund other obligations.

The Issuer believes that the Authority exclusively lends bond proceeds in a manner that does not result in its bonds being private activity bonds, as defined in the Code, and the Issuer believes that the use of the proceeds by each borrower from the Authority would not result in those proceeds being private activity bonds (if viewed as a separate issue).

31. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

32. The Issuer has either (a) funded the Series 1990 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 1990 A Bonds in the then current or any succeeding year with the proceeds of the Series 1990 A Bonds, or (b) created the Series 1990 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1990 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 1990 A Bonds in the then current or any succeeding year. Moneys in the Series 1990 A Bonds Reserve Account and the Series 1990 A Bonds Sinking Fund (established for the annual payment of principal and

interest) will be used solely to pay principal of and interest on the Series 1990 A Bonds on a parity with the Series 1990 C Bonds and will not be available to meet the cost of the Project.

33. The Issuer shall submit to the Authority and the Purchaser within 30 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer 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 Bonds subject to rebate. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and any interest thereon.

34. The Issuer has retained the right to amend its authorizing documents if such amendment is 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 from gross income for federal income tax purposes of interest on the Bonds.

35. 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 any of the Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

36. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

37. On the basis of the foregoing, it is not expected that the proceeds of any of the Bonds will be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

38. 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.

39. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 1990 A Bonds and the Series 1990 C Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 6th day of September, 1990.

THE TOWN OF BUFFALO

By


Its Mayor

09/05/90
BUFFAL0J.U5
11610/88001

10/11/10

10/11/10

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

ENGINEER'S CERTIFICATE

I, ROGER K. RANDOLPH, Registered Professional Engineer, West Virginia License No. 6246 of Randolph Engineering, consulting engineers, of Scott Depot, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") for the existing sewerage system of The Town of Buffalo in Putnam County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds"), certain grant proceeds from the Environmental Protection Agency, the Department of Housing and Urban Development and Farmers Home Administration, and certain funds of the Issuer.

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto, and as described in the Application submitted to the West Virginia Water Development Authority (the "Authority") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the Issuer; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals, certificates, permits, exemptions, consents and authorizations for the acquisition and construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for the acquisition and construction of the Project and, to the extent presently obtainable, operation of the System; (v) the acquisition and construction of and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of

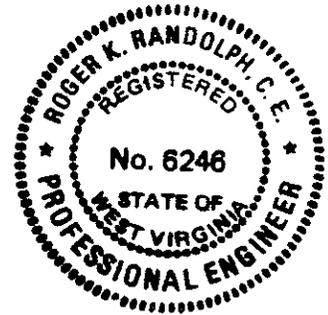
the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys of the Issuer on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority as of the date of the Loan Agreement; and (ix) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 6th day of September, 1990.

RANDOLPH ENGINEERING

By Roger K Randolph

08/31/90
BUFFALOJ.V4
11610/88001



DATE: 9/06/90

AMENDED SCHEDULE A
NAME OF GOVERNMENTAL AGENCY: TOWN OF BUFFALO
TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1. Construction	\$ 2,126,340	
2. Technical Services	\$ 424,380	
3. Legal and Fiscal	\$ 34,000	
4. Administrative	\$ 25,000	
5. Site and Other Lands	\$ 33,000	
6. Step I and/or Step II Design or Other Loan Repayment (Specify Type: <u>Step 1 Loan</u>)	\$ 10,100	
7. Interim Financing Costs	\$ 27,560	
8. Contingency	\$ 168,317	
9. Total of Lines 1 through 8		\$ <u>2,848,697</u>

B. Sources of Funds

10. Federal Grants: ¹ (Specify Source)	<u>EPA</u>	\$ 1,413,860	
	<u>FmHA</u>	\$ 49,000	
11. State Grants: ¹ (Specify Source)	<u>Small Cities Hud</u>	\$ 750,000	
		\$	
		\$	
12. Other Grants: ¹ (Specify Source)		\$	
		\$	
13. Any Other Source: ² (Specify)	<u>Tap Fees</u>	\$ 25,000	
	<u>FmHA Loan</u>	\$ 396,000	
14. Total of Lines 10 through 13			\$ <u>2,633,860</u>
15. Proceeds Required from Bond Issue (Line 9 less Line 14)			\$ <u>214,837</u>

C. Cost of Financing

16. Capitalized Interest (construction period plus six months)	\$ 39,714	
17. Funded Reserve Account ³	\$ 24,269	
18. Other Costs ⁴	\$ 14,000	
19. Total Cost of Financing		\$ <u>77,983</u>
20. Size of Bond Issue (Line 15 plus Total from Line 19)		\$ <u>292,820</u>

[Signature]
Signature of Applicant

9/6/90
Date

[Signature]
Signature of Engineer

9-6-90
Date

Kenneth E. Plants

PUBLIC ACCOUNTANT
801 OAKBRIDGE DRIVE
HURRICANE, WV 25526

304/757-7110

September 6, 1990

The Town of Buffalo
Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the ordinance of the Town of Buffalo finally enacted June 5, 1989, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Randolph Engineering, Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of The Town of Buffalo, will pay all repair, operation and maintenance expenses and 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 1990 A and Series 1990 B, to be issued to West Virginia Water Development Authority and the Sewer Revenue Bonds, Series 1990 C, to be issued to the United States Department of Agriculture, Farmers Home Administration, and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,

Kenneth E. Plants

Kenneth E. Plants
Public Accountant

KEP:ngp

CHAPTER 171 AN ACT TO INCORPORATE THE TOWN OF BUFFALO, IN THE
COUNTY OF PUTNAM
Passed March 5, 1860

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 their 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, shall be (except when elected to fill vacancies) for the term of one year and 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 same day 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 vote for county and township officers, shall be entitled to vote for 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 1856. Provided, that grounds included in this Chart which are not laid off in town lots, shall not be taxed for incorporation purposes.

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.

Daisy L. Thornton
Daisy L. Thornton

Bill M. Whittington
Bill M. Whittington

Terry Parsons
Terry Parsons

John Mash
John Mash

Leah Martin
Leah Martin

Taken and subscribed and sworn to before me this 3rd
day of July, 1989, in Buffalo, Putnam County, West Virginia.

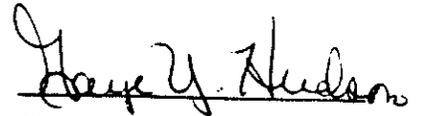
Ray J. Hudson

STATE OF WEST VIRGINIA

COUNTY OF PUTNAM

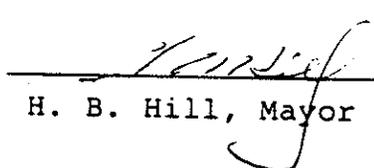
TOWN OF BUFFALO

I, the undersigned elected RECORDER OF THE TOWN OF BUFFALO, WEST VIRGINIA, do hereby solemnly 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 judgement, so help me God.



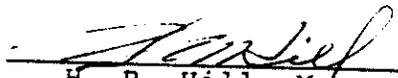
Gaye Y. Hudson, Recorder

Taken and subscribed and sworn to before me this 3rd day of July, 1989, in Buffalo, Putnam County, West Virginia/

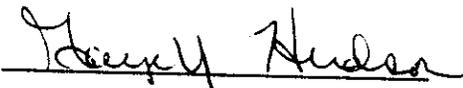

H. B. Hill, Mayor

STATE OF WEST VIRGINIA
County of Putnam
Town of Buffalo

I, the undersigned elected MAYOR OF THE TOWN OF BUFFALO, WEST VIRGINIA, do hereby solemnly 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 judgement, so help me God.


H. B. Hill Mayor

Taken and subscribed and sworn to before me this 3rd
day of July, 1989, in Buffalo, Putnam, County, West Virginia.


Gaye Y. Hudson, Recorder

10-20-2011

10-20-2011

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

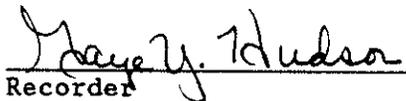
officer or agent of the Board. All such disbursements shall be approved by the Board.

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

PETITION

The Sanitary Board of The Town of Buffalo hereby petitions the Town Council of The Town of Buffalo to enact an ordinance directing that revenue bonds and (if deemed necessary by Town Council) interim construction notes of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, such bonds to be in an amount not to exceed \$1,000,000 and such notes to be in an amount not to exceed \$1,000,000 for the purpose of acquisition and construction of sewerage system improvements.

Directed this 4th day of June, 1990.

SANITARY BOARD OF THE TOWN OF BUFFALO

By 
Chairman - Buffalo Sanitary Board

06/01/90
BUFFALOD.X2
11610/88001

Legal Notice

THE TOWN OF BUFFALO NOTICE OF PUBLIC HEARING ON SEWERAGE SYSTEM REVENUE BOND AND NOTES ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of The Town of Buffalo to be held on July 2, 1990, at 7:00 p.m. in the Council chambers at the Buffalo Town Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an 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 the notes and adopting other provisions relating thereto.

The above-titled Ordinance was adopted by the Council of The Town of Buffalo on June 11, 1990.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond and Note issues contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of The Town of Buffalo (the "Project"). The proceeds of the Notes will be used to provide temporary financing of a portion of such costs. The Bonds are payable solely from the revenues to be derived from the ownership and operation of the municipal sewerage system of the Town. The Notes are payable primarily from bond proceeds or grant proceeds. No taxes may be levied for the payment of the Bonds or the Notes or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Recorder of The Town of Buffalo for review by interested parties during regular office hours.

Following said public hearing, the Town Council intends to enact said Ordinance upon final reading.

Dated: June 14, 1990.

s/s Gaye Y. Hudson
Recorder

21.6-14

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, To Wit:

I, Wm. O. Robinson, Publisher of THE PUTNAM DEMOCRAT, a weekly newspaper of general circulation, published at Winfield, Putnam County, West Virginia, do certify that the annexed advertisement:

Notice of Public Hearing

The Town of Buffalo

Sewer Revenue Bonds Series 1990 A, Series 1990 B and Series 1990 C

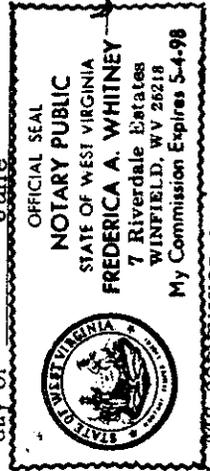
was published in THE PUTNAM DEMOCRAT for Two successive weeks prior to the 2nd of July, 1990


THE PUTNAM DEMOCRAT, Publisher

Publishers' fee \$56.76

Subscribed and sworn to before me this Twenty-seventh

day of June, 1990.




Notary Public

My commission expires May 4, 1998

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
PUTNAM COUNTY, To-Wit:

I, William O. Robinson, Publisher of THE PUTNAM DEMOCRAT, a weekly newspaper of general circulation, published at Winfield, Putnam County, West Virginia, do certify that the annexed advertisement:

Notice of Public Hearing

An Ordinance Establishing and Fixing Rates, Fees, Connection Charges and Delayed Payment Penalty Charges for Service to Customers of the Sewerage System of the Town of Buffalo

was published in THE PUTNAM DEMOCRAT for Two
successive weeks prior to the 5th of June, 1989

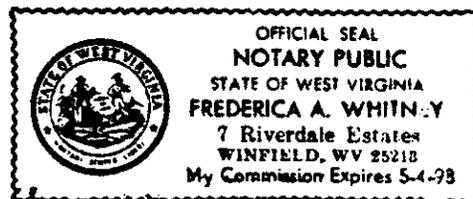
Wm. O. Robinson Publisher
THE PUTNAM DEMOCRAT

Publishers' fee \$85.14

Subscribed and sworn to before me this Twenty-sixth
day of May, 1989

Frederica A. Whitney
Notary Public

My commission expires May 4, 1998



Legal Notice

NOTICE OF PUBLIC HEARING

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CONNECTION CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF BUFFALO

THE TOWN COUNCIL OF THE TOWN OF BUFFALO HEREBY ORDAINS: The following schedule of rates, fees, connection charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, connection charges and delayed payment penalty to be charged to customers of the sewerage system of the Town of Buffalo throughout the territory served.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial sanitary sewer service

RATES

- First 2,000 gals. used per month - \$7.34 per thousand gals.
 - Next 3,000 gals. used per month - 4.75 per thousand gals.
 - Next 45,000 gals. used per month - 4.40 per thousand gals.
 - All over 50,000 gals. used per month - 3.90 per thousand gals.
- (Minimum Monthly Bill \$14.66)

CONNECTION CHARGE

Prior to commencement of construction of the System - \$250,000
Subsequent to commencement of construction of the System - \$300.

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within 60 days after the date of billing, water service to the customer will be discontinued, and will not be restored until all past due water and sewer bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective upon completion of construction of the System.

SECTION 3. SEPARABILITY AND REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All 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 resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY CONSTRUCTION AND PUBLIC NOTICE

Upon introduction hereof, the Council shall publish a copy of this Ordinance once a week for 3 consecutive weeks within a period of 14 consecutive days, with at least 2 full days intervening between each publication, in The Patriot-Examiner, being a newspaper of general circulation in the Town of West Virginia, there being no newspaper published therein, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 5th day of June, 1989, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper at the premises.

The above Ordinance has been introduced at a meeting of Council held May 1, 1989. Any persons interested may appear before Council on the 5th day of June, 1989, at 7:00 p.m., and present protests.

at 7:00 p.m., 1989

Secretary

21-518

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

Prayer by Gaye Hudson.

The Sanitary Board of the Town of Buffalo hereby petitions the Town Council of the Town of Buffalo to enact an Ordinance directing that revenue bonds and (if deemed necessary by Town Council) interim construction notes of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the WV Code such bonds to be in an amount not to exceed 1,000,000 and such notes to be in an amount not to exceed 1,000,000 for the purpose of acquisition and construction of sewage system improvements.

First reading of Ordinance for Sewer Revenue Bonds Series 1990A, Series 1990B, Series 1990C. Leah Martin made motion to commence enactment of Bond Ordinance. Terry Martin seconded. Motion carried.

Bill Whittington made motion to accept Resolution whereas the Town of Buffalo is currently preparing to construct a waste water treatment plant and waste water facilities for the Town of Buffalo whereas it is necessary as part of this project to obtain a license from Conrail for use of a portion of their property for construction of the facilities.

It is therefore resolve that:

1. The Town of Buffalo by its Town Council shall enter into a certain "License Agreement for Wire, Pipe and Cable Transverse Crossings and Longitudinal Occupations" dated Dec. 27, 1988 with consolidated Rail Corp., also known as Conrail.

2. The Mayor H. B. Hill is hereby authorized to sign and said agreement on behalf of the Town Council, and to execute any and all other necessary documents and take other actions related thereto.

Daisy Thornton seconded. Motion carried.

Terry Parsons made motion to accept Resolution for Land and Water Conservation Fund application. Daisy Thornton seconded. Motion carried.

2nd Reading of Ordinance 90-1.

Read Town "Sunshine Law" regulations.

Leah Martin made motion for revisions to be sent into State Tax Dept. Terry Parsons seconded. Motion carried.

Daisy Thornton made motion to give Recorder authority to write-off unpaid bills. Terry Parsons seconded. Motion carried.

Meeting adjourned at 8:00 P. M.

Present at meeting: Bill Whittington, Daisy Thornton, Terry Parsons, Leah Martin

Gaye Hudson, Recorder

Bill Hill Mayor

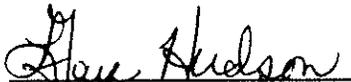
SPECIAL MEETING
TOWN MEETING
JUNE 11, 1990

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

Second reading of Bond Ordinance-Sewer Revenue Bonds-series 1990A,
Series 1990B, and Series 1990C.

Meeting adjourned at 7:10 P. M.

Present: Bill Whittington, Terry Parsons, John Mash, Daisy Thornton
Leah Martin


Recorder


Mayor

Town Meeting
July 2, 1990

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

Postmaster at meeting to get names for streets not named.
Leah Martin made motion to give Ellen Morris permission to change names of streets that need to be changed and to give names to streets that don't have a name and to send Town a copy of the map whenever finished. Bill Whittington seconded. Motion carried.

Terry Parsons made motion to approve minutes as read. Bill Whittington seconded. Motion carried.

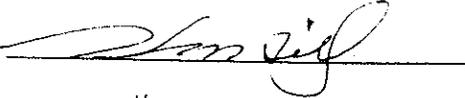
Leah Martin made motion to let Recorder send in revisions to Tax Department. Bill Whittington seconded. Motion carried.

Bill Whittington made motion to enact 90-1 Ordinance for B & O Taxes. Leah Martin seconded. Motion carried.

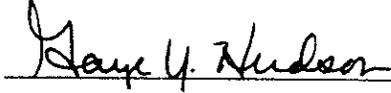
Read Bond Ordinance-Sewer Revenue Bonds-Series 1990A, Series 1990B and Series 1990c for final reading. Terry Parsons made motion to accept Ordinance. Bill Whittington seconded. Motion carried.

Meeting adjourned at 8:10 P. M.

Present: Terry Parsons, Bill Whittington, Leah Martin, Scott Jones
Ellen Morris



Mayor



Recorder

Town Meeting
September 4, 1990

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

Terry Martin at meeting to bring forth Supplemental Resolution for Sewer Revenue Bonds Series 1990A, 1990B and 1990C providing as to principal amounts, dates, maturities, interest rates. Bill Whittington made motion to accept Supplemental Resolution. Leah Martin seconded. Motion carried.

Terry Martin introduced a resolution to enter into a certain interim financing agreement with the Bank of Buffalo to borrow up to the maximum of \$500,000.00 or as needed with the interest set at a maximum of 1% over the New York Prime Rate. Mayor authorized to sign said agreement on behalf of the Town Council. Daisy Thornton made motion to accept resolution. Terry Parsons seconded. Motion carried.

Terry Martin recommended these invoices for payment.

1. Randolph Engineering	30,000
	30,020
2. Ken Plants	1,500
3. Frank Gritt	8,000
4. Stepto and Johnson	15,400

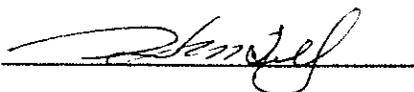
John Mash made motion to accept invoices. Leah Martin seconded. Motion carried.

Bill Whittington made motion to let Rover Construction put office in Town Hall. Rover to pay \$200.00 a month and have own phone installed. Daisy Thornton seconded. Motion carried.

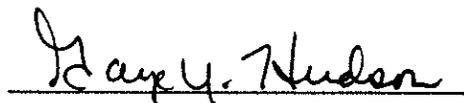
Meeting adjourned at 8:45 P. M.

Members present: Bill Whittington, Daisy Thornton, Terry Parsons, John Mash
Leah Martin

Citizen present: Terry Martin



Mayor



Recorder

STEPPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
J. LEE VAN METRE, JR.
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
DOUGLAS S. ROCKWELL
VINCENT A. COLLINS
JAMES A. RUSSELL
LUCIEN G. LEWIN
WILLIAM T. BELCHER
MICHAEL L. BRAY
JAMES D. STEPTOE
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
RENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
DAVID JAYVA
GRAY SILVER III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
CHRISTOPHER P. BASTIEN
GORDON H. COPLAND
RANDALL C. LIGHT
STEVEN P. MCGOWAN

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 353-8000

TELECOPIER (304) 353-8180

126 EAST BURKE STREET

MARTINSBURG, W. VA. 25401

(304) 263-6991

TELECOPIER (304) 263-4785

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

TELECOPIER (304) 598-8116

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414

(304) 725-1414

TELECOPIER (304) 725-1913

RICHARD M. TURKO, JR.
GARY W. NICKERSON
CURTIS G. POWER III
STEPHEN R. KERSHNER
W. RANDOLPH PIPE
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE, JR.
ROBERT J. SCHIAVONI
JOHN K. DORSEY
WALTER WASHINGTON
JOSEPH R. FERRETTI
MARK E. KINLEY
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI
WILLIAM P. YOUNG
DAVID M. HAMMER
WILLIAM F. ROHRBAUGH
CAROLINE J. STAFFORD
MATTHEW J. MULLANEY
BRENT O. BURTON
PAUL R. CRANSTON
JONATHAN B. JESTER
GRACE J. WIGAL
GINA M. HOUSEHOLDER
MICHAEL KOZAKIEWICH, JR.
CYNTHIA R. TRIBBLE
MARK A. ATKINSON
CAROLYN A. WADE
CAROLINE A. HENRICH
SHERRIL MAZZA
SUSAN C. OSENTON

OF COUNSEL
RALPH BOHANNON
ROGER J. PERRY

WRITER'S DIRECT DIAL NUMBER

September 20, 1990

The Town of Buffalo

Sewer Revenue Bonds, Series 1990 A and Series 1990 C

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith are two completed and executed Internal Revenue Service Forms 8038-G and file copies thereof with regard to the above-captioned bond issues. Please file the original forms in the appropriate Internal Revenue Service records and return the copies marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Vincent Collins

Vincent A. Collins

VAC/bnc

Enclosures

Copy of letter with enclosures to:

Samme Gee, Esquire and Franklin L. Gritt, Esquire

11610/88001/8038.LTR

Information Return for Tax-Exempt Governmental Obligations

Under Section 149(e)

See separate instructions

(Use Form 8038-GC if the issue price is under \$100,000)

Part I Reporting Authority

Check box if Amended Return

1 Issuer's name
The Town of Buffalo

2 Issuer's employer identification number
55-6006665

3 Number and street
Town Hall

4 Report number
G19 90-1

5 City or town, state, and ZIP code
Buffalo, West Virginia 25033

6 Date of issue
9/6/90

7 Name of issue
Sewer Revenue Bonds, Series 1990 A

8 CUSIP Number
N/A

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

9 Check box if obligations are tax or other revenue anticipation bonds

10 Check box if obligations are in the form of a lease or installment sale

11 Education

12 Health and hospital

13 Transportation

14 Public safety

15 Environment (including sewage bonds)

16 Housing

17 Utilities

18 Other. Describe (see instructions) ▶

Issue price
\$
280,168

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/29	8.10%	22,141	22,141			
20 Entire issue			280,168	280,168	28.45 years	%	8.20

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter line 20c)	22	280,168
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	14,000
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	23,936
26 Proceeds used to refund prior issues	26	-0-
27 Total (add lines 23, 24, 25, and 26)	27	37,936
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	242,232

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ year

30 Enter the last date on which the refunded bonds will be called ▶ _____

31 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶ -0-

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ -0-

34 Pooled financings:

a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ -0-

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ July 11, 1990

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Please Sign Here

Signature of officer: *[Handwritten Signature]* Date: 9/6/90

Type or print name and title: *HR HILL Mayor*

Part I Reporting Authority

Check box if Amended Return

1 Issuer's name
The Town of Buffalo

2 Issuer's employer identification number
55-6006665

3 Number and street
Town Hall

4 Report number
G19 90 - 2

5 City or town, state, and ZIP code
Buffalo, West Virginia 25033

6 Date of issue
9/6/90

7 Name of Issue
Sewer Revenue Bonds, Series 1990 C

8 CUSIP Number
N/A

Part II Type of issue (check box(es) that applies and enter the Issue Price)

9 Check box if obligations are tax or other revenue anticipation bonds

10 Check box if obligations are in the form of a lease or installment sale

11 Education

12 Health and hospital

13 Transportation

14 Public safety

15 Environment (including sewage bonds)

16 Housing

17 Utilities

18 Other. Describe (see Instructions) ▶

Issue price
\$ 396,000

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	9/6/30	6.0 %	2,210	2,210			
20 Entire issue			396,000	396,000	28 years	%	6.0 %

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter line 20c)	22	396,000
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	-0-
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to refund prior issues	26	-0-
27 Total (add lines 23, 24, 25, and 26)	27	-0-
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	396,000

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

30 Enter the last date on which the refunded bonds will be called ▶ _____

31 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶ _____ -0-

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ _____ -0-

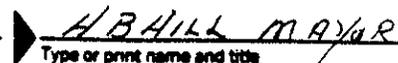
34 Pooled financings:
 a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ _____ -0-
 b Check box if this issue is a loan made from the proceeds of another tax-exempt issue and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Please Sign Here


Signature of officer

9/6/90
Date


Type or print name and title

For Paperwork Reduction Act Notice, see page 1 of the instructions.

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

Series 1990 A

NEW ISSUE REPORT FORM

Date of Report: September 6, 1990

(See Reverse for Instructions)

ISSUE: <u>THE TOWN OF BUFFALO SEWER REVENUE BONDS, SERIES 1990 A</u>	
ADDRESS: <u>Town Hall, Buffalo, West Virginia 25033</u>	COUNTY: <u>Putnam</u>
PURPOSE: <u>New Money</u> <input checked="" type="checkbox"/> <u>Refunding</u> <input type="checkbox"/>	OF ISSUE: <u>Refunds issue(s) dated: _____</u>
ISSUE DATE: <u>September 6, 1990</u>	CLOSING DATE: <u>September 6, 1990</u>
ISSUE AMOUNT: <u>\$280,168</u>	RATE: <u>8.1%</u>
1st DEBT SERVICE DUE: <u>October 1, 1991</u>	1st PRINCIPAL DUE: <u>October 1, 1992</u>
1st DEBT SERVICE AMOUNT: <u>\$24,269.56</u>	PAYING AGENT: <u>Municipal Bond Commission</u>
ISSUERS BOND COUNSEL: <u>Steptoe & Johnson</u> Contact Person: <u>Vincent A. Collins, Esq.</u> Phone: <u>624-8161</u>	UNDERWRITERS BOND COUNSEL: <u>Jackson & Kelly</u> Contact Person: <u>Samme L. Gee, Esq.</u> Phone: <u>340-1318</u>
CLOSING BANK: <u>The Buffalo Bank</u> Contact Person: <u>Winston Brown</u> Phone: _____	ESCROW TRUSTEE: <u>One Valley Bank</u> Contact Person: <u>Charlotte Morgan</u> Phone: _____
KNOWLEDGEABLE ISSUER CONTACT Contact Person: <u>Terry Martin</u> Position: <u>Project Coordinator</u> Phone: <u>768-8191</u>	OTHER: _____ Contact Person: _____ Function: _____ Phone: _____
DEPOSITS TO MBC AT CLOSE: By <input type="checkbox"/> Wire <input checked="" type="checkbox"/> Check	Accrued Interest: \$ _____ <input checked="" type="checkbox"/> Capitalized Interest: \$ <u>39,714</u> <input checked="" type="checkbox"/> Reserve Account: \$ <u>23,936</u> Other: \$ _____
REFUNDS & TRANSFERS BY MBC AT CLOSE: By <input type="checkbox"/> Wire <input type="checkbox"/> Check <input type="checkbox"/> IGT	To Escrow Trustee: \$ _____ To Issuer: \$ _____ To Cons. Invest. Fund: \$ _____ To Other: \$ _____
NOTES: _____ _____ _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____ _____	

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: September 6, 1990

(See Reverse for Instructions)

ISSUE: THE TOWN OF BUFFALO SEWER REVENUE BONDS, SERIES 1990 B

ADDRESS: Town Hall, Buffalo, West Virginia 25033 COUNTY: Putnam

PURPOSE New Money Refunding

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: September 6, 1990 CLOSING DATE: September 6, 1990

ISSUE AMOUNT: \$ 12,652 RATE: 0%

1st DEBT SERVICE DUE: October 1, 1992 1st PRINCIPAL DUE: October 1, 1992

1st DEBT SERVICE AMOUNT: \$332.85 PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: The Buffalo Bank

Contact Person: Winston Brown

Phone: _____

ESCROW TRUSTEE: One Valley Bank

Contact Person: Charlotte Morgan

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Terry Martin

Position: Project Coordinator

Phone: 768-8191

OTHER:

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
Check

Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ 333
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
Check
IGT

To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III

841 Chestnut Building
Philadelphia, Pennsylvania 19107

CERTIFIED MAIL

RE: C-540189-03
Town of Buffalo

SEP 23 1988

Honorable H. B. Hill
Mayor, Town of Buffalo
P. O. Box 217
Buffalo, West Virginia 25033

Dear Mayor Hill:

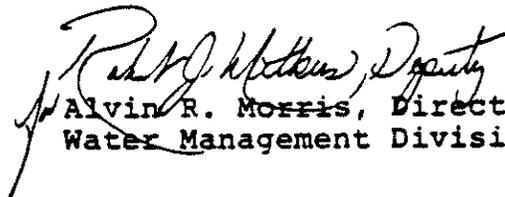
We are pleased to inform you of the award of a Step III Federal grant for the construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$1,568,820 and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Federal Regulations are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mrs. Catherine A. Mastropieri, Chief, Grants Management Branch, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,


Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Randolph Engineering Company, Inc.

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO. C-540189-03-0	2. LOG NUMBER Three - C
3. DATE OF AWARD SEP 16 1988	4. MAILING DATE SEP 23 1988

5. AGREEMENT TYPE		6. PAYMENT METHOD	
<input type="checkbox"/> Cooperative Agreement	<input type="checkbox"/> Advance	<input checked="" type="checkbox"/> Reimbursement	<input type="checkbox"/> Letter of Credit
<input type="checkbox"/> Grant Agreement	Send Payment Request To: WVDNR		7. TYPE OF ACTION
<input type="checkbox"/> Assistance Amendment	Construction Grants Branch		Continuation

RECIPIENT ORGANIZATION	8. RECIPIENT	9. PAYEE
	Town of Buffalo P. O. Box 217 Buffalo, West Virginia 25033	Town of Buffalo P. O. Box 217 Buffalo, West Virginia 25033

EIN NO.	CONGRESSIONAL DISTRICT	10. RECIPIENT TYPE
	3rd	Town

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
H. B. Hill, Mayor (304) 937-2541	Randolph Engineering Company, Incorporated P. O. Box 346 Scott Depot, West Virginia 25560 (304) 757-9217

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	R. Fenton Roudabush, Chief Southwest Projects Section (215) 597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Patricia Gaskins (202)382-5184		N/A	III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
		a. Treatment Level	3
		b. Project Type	NEW
		c. Treatment Process	4
		d. Sludge Design	8

22. PROJECT TITLE AND DESCRIPTION
 Construction of wastewater collection and treatment facilities. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Area Impacted by Project)

City/Place Buffalo	County Putnam	State WV	Congressional District 3rd
-----------------------	------------------	-------------	-------------------------------

24. ASSISTANCE PROGRAM/CFDA Program No. & Title	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/88 - 04/91	N/A

27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
1,034	N/A	2,852,400

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		1,568,820	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
Other Contribution			
37. Allowable Project Cost		2,852,400	

38. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
	GTAW80	88	68X0103.L	W88018	8GTA036006	41.11	\$1,568,820

TABLE A - OBJECT CLASS CATEGORY (Non-construction)		TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL		
2. FRINGE BENEFITS		
3. TRAVEL		
4. EQUIPMENT		
5. SUPPLIES		
6. CONTRACTUAL		
7. CONSTRUCTION		
8. OTHER		
9. TOTAL DIRECT CHARGES		
10. INDIRECT COSTS: RATE % BASE		
11. TOTAL (Share: Recipient _____% Federal _____%)		
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$	N/A

TABLE B - PROGRAM ELEMENT CLASSIFICATION (Non-construction)		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12. TOTAL (Share: Recipient _____% Federal _____%)		
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$	N/A

TABLE C - PROGRAM ELEMENT CLASSIFICATION (Construction)		Basic (55%)
1. ADMINISTRATION EXPENSE & Legal		29,076
2. PRELIMINARY EXPENSE		
3. LAND STRUCTURES, RIGHT-OF-WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES		- 23,057
5. OTHER ARCHITECTURAL ENGINEERING FEES		45,825
6. PROJECT INSPECTION FEES		- 160,818
7. LAND DEVELOPMENT		
8. RELOCATION EXPENSES		
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT		2,357,900
12. EQUIPMENT		
13. XXXXXXXXXX Design Allowance		137,783
14. TOTAL (Lines 1 thru 13)		
15. ESTIMATED INCOME (If applicable)		
16. NET PROJECT AMOUNT (Line 14 minus 15)		
17. LESS: XXXXXXXXXX Advance Allowance		(137,783)
18. ADD: CONTINGENCIES		235,724
19. TOTAL (Share: Recipient <u>45.0</u> % Federal <u>55.0</u> %)		2,852,400
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$	1,568,820

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

A. The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

*1. Regulations Affecting Federal Grant Payments

(a) Payments shall be made in accordance with 40 CFR 35.2300.

2. Project Schedule

EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a special condition. The grantee is expected to take all appropriate actions to ensure that this schedule is maintained.

In the event that the project is delayed for reasons beyond the control of the grantee, this schedule may be revised. If the delay arises from mismanagement and could otherwise have been avoided, the schedule will not be revised, in which case EPA will be compelled to determine if ineligible incremental costs have been incurred as a result.

3. Project Initiation (40 CFR 35.2212)

Construction is expected to be initiated on the following schedule.

Failure of the grantee to initiate construction of all major contracts within 12 months of the award of this grant will result in disallowance of incremental costs in accordance with 40 CFR 35.2212, "Project Initiation".

D A T E

Bid Advertisement	<u>01/89</u>	_____	_____
Construction Contract Award	<u>04/89</u>	_____	_____
Construction Start (NTP)	<u>04/89</u>	_____	_____

4. Grant Payment Milestones (40 CFR 35.2206)

Grant payments cannot exceed 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and cannot exceed 90% unless the grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payments.

Final Plan of Operation Approval	<u>10/89</u>
Operation and Maintenance Manual Approval	<u>03/90</u>

5. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The sewer use ordinance must be adopted, and the user charge system implemented, before the system is placed in operation. The following dates represent an estimate of that operational date.

Sewer Use Ordinance Adoption	<u>10/89</u>
User Charge System Implementation	<u>04/90</u>

6. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request to State for final physical inspection	<u>03/90</u>
Preliminary Final Payment Request	<u>03/90</u>

7. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee, therefore, agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	<u>04/90</u>
Project Performance Certification	<u>04/91</u>
Final Payment Request	<u>04/91</u>

8. Subagreements and Contracts

- (a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- (b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- (c) The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

9. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

10. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

11. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving official.

12. Advertisement for Bids

Prior to the advertisement for construction bids, the grantee agrees to submit to the Regional Administrator for approval the following:

A user charge system (40 CFR 35.2140); and

Final design drawings and specifications (40 CFR 35.2040 (b) (5)).

13. MBE/WBE Requirements

The recipients agrees to submit to the Chief, Construction Grants Branch, ATTN: EEO Specialist, EPA, Region III, a completed Standard Form-334 within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements for building and building-related services and supplies.

14. Public Participation

Additional public participation is required to inform prospective users of the expected costs and rates. The grantee shall submit to the DNR project officer, within 2 months, a plan/schedule for conducting the additional public participation.

15. EPA's National Municipal Policy

Nothing in this grant agreement shall be construed to excuse the grantee from meeting the requirements of the National Municipal Policy and the enforceable requirements of the Clean Water Act, as amended.

The schedule for completion of this project will be revised as needed to correspond to any schedule approved in the context of an enforcement action.

16. Eligibility Agreement

The grantee and the Environmental Protection Agency agree, pursuant to section 203(a)(2) of the Clean Water Act, that only those items specified in the project description (scope) portion of the grant agreement are eligible for Federal participation in accordance with 40 CFR Part 35.2250 (determination of allowable costs)."



STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES

Capitol Complex, Building 3
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305
Telephone (304)348-2754
Fax No. (304)348-2768

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

LARRY W. GEORGE
Deputy Director

September 5, 1990

DRAFT

H. B. Hill, Mayor
Town of Buffalo
P. O. Box 217
Buffalo, West Virginia 25033

RE: C 540189-03

Dear Mayor Hill:

Due to the closeness of the end of the Federal fiscal year, no further transactions will be processed. However, our recommendation to decrease the grant, based upon the review of the Part B submittal, will be processed by EPA after October 1, 1990.

The revised grant of \$1,345,960 reflects an allowable project cost of \$2,447,200. In addition to this grant, the Town has already received \$67,900 from the State as an advance allowance.

Should you have any questions, contact Rosalie Ortega of my staff at (304) 348-0637.

Sincerely,

CONSTRUCTION ASSISTANCE BRANCH

Mike Johnson, P.E.
Branch Head

c: Randolph Engineering
Daniel B. Yonkosky, WDA

STATE OF WEST VIRGINIA
GOVERNOR'S OFFICE OF COMMUNITY
AND INDUSTRIAL DEVELOPMENT

GRANT AWARD

Grant Number:	89-252
Payment Number:	State Acct. No.:
	121-8029-05-025-13
Fiscal Year:	Program Name:
1989	SCBG

Grantee Name & Address:	F.E.I.N.
	000-000-327-1
Town of Buffalo P.O. Box 127 Buffalo, WV 25033	

Grant Period:	From: October 14, 1988
	To: October 14, 1990
Project Name:	sewer project
Grant ID:	B-88-DC-54-0001
Project Number:	88SCBG0054X

Project Description

Shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks and functions necessary to construct a sewer project that will consist of an 85,000 gpd areated lagoon treatment facility, four lift stations, 38,700 l.f. of gravity sewers and 4,100 l.f. of force main sewers, including administrative and engineering services and land acquisition in conjunction with the Environmental Protection Agency and the Kanawha County Commission.

Change Orders

Number: Date: Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE GOVERNOR'S OFFICE OF COMMUNITY AND INDUSTRIAL DEVELOPMENT AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL

_____, PROCESSED ON OR ABOUT _____.
PAYMENT \$ _____.

TOTAL AMOUNT OF THIS GRANT \$	250,000.00
-------------------------------	------------

Authorized Signature: Spencer R. Dudley, Jr.
Director, Governor's Office of
Title: Community and Industrial Development

DATE: December 13, 1988



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

October 14, 1988

The Honorable H. B. Hill
Mayor
Town of Buffalo
Post Office Box 127
Buffalo, West Virginia 25033

Dear Mayor Hill:

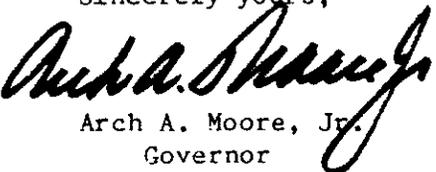
Thank you for your application to the Small Cities Block Grant program for fiscal year 1988.

I am pleased to announce my approval of your application in the amount of \$750,000 to the Town of Buffalo for the Town's sewer system project.

In order to most effectively use the limited dollars available, I hereby commit \$250,000 from our FY 1988 allocation which will be immediately available to you. The remaining \$500,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to immediately expedite this project and reach its completion as quickly as possible with this funding strategy in mind. My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with great pleasure that I am able to work with you to make this improvement a reality for the citizens of the Town of Buffalo.

Sincerely yours,


Arch A. Moore, Jr.
Governor

AAMJr:dpm

0101-5-8
4-5

Fiscal Year 1990	Date 8/30/89	State Account # 121-8029-05-025-13	Agreement Date 12/13/88	Grant Number 89-252
Grantee Name & Address Town of Buffalo P.O. Box 127 Buffalo, WV 25033		F.B.I.N. 000-000-327-1	Purpose of Change Additional funds	
			Program Name SCBG	
			Project Name Sewer project	
			Grant ID: B-88 & B-89 Project Number: 88SCBG0054X	

Description of Change

Change Order # 1

Justification for Change
Additional funds needed to complete project. Funds are from HUD grant number B-89-DC-54-0001

Previous Total	\$ 250,000.00
Increase	\$ 500,000.00
Decrease	\$
New Total	\$ 750,000.00

TERMS AND CONDITIONS OF ORIGINAL AGREEMENT ARE ON FILE IN THE GOVERNOR'S OFFICE OF COMMUNITY AND INDUSTRIAL DEVELOPMENT AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____.

Approval Recommended
[Signature]
Division Director 8-31-89
Date

Approved
[Signature]
Director Date



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

August 23, 1989

The Honorable H. B. Hill
Mayor
Town of Buffalo
Post Office Box 217
Buffalo, West Virginia 25033

Dear Mayor Hill:

On October 14, 1988, the Town of Buffalo received a commitment of 750,000 in Small Cities Block Grant funds for sewer system improvements.

The SCBG award was based upon the availability of funds. Therefore, only \$250,000 was made available from the Fiscal Year 1988 allocation with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Town of Buffalo's need to proceed with this worthwhile community development project, I am committing the remaining \$500,000 from the Fiscal Year 1989 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

It is with great pleasure that I am able to work with you to make this improvement a reality.

Sincerely,

Gaston Caperton
Gaston Caperton
Governor

GC:dpm

11/20

11/20

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated April 17, 19 89, between Town of Buffalo

a public corporation organized and operating under Chapter 16, Article 13 of the Code of WV

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a ~~(water)~~ ^{XXXXX} (sewer) system to serve the area under its jurisdiction at an estimated cost of \$ 3,349,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 3,300,000.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 3,300,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 49,000.00 or 75 percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

- A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.
- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule as proposed by the Town of Buffalo and approved by the Public Service Commission of West Virginia of such charges, whether for one or more classes of service, ~~adopted by resolution date~~ ^{adopted by resolution date}, 19 89, as may be required from time to time by Grantor. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

The information collected through the grant agreement is required to obtain a construction development grant and is used to determine that the grant funds are used for authorized program purposes.

40

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute Forms FmHA 400-1, "Equal Opportunity Agreement," and FmHA 400-4, "Assurance Agreement," and any other agreements required by Grantor which Grantee is legally authorized to execute. If any such forms have been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this Grant, another form of the same type need not be executed in connection with this Grant.

I. Upon any default under its representations or agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, to the extent legally permissible, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred, whichever is greater. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantor may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

The sewer system consists of construction of a wastewater treatment system to include collection lines, manholes, clean-outs, pump stations, wastewater treatment plant, aerated lagoon, sedimentation pond, and effluent chlorination apparatus, in accordance with the original plans and specifications developed by Randolph Engineering Co., Inc.

L. Abide by the following conditions pertaining to nonexpendable personal property which is furnished by the Grantor or acquired wholly or in part with grant funds. Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided such definition would at least include all tangible personal property as defined above.

1. Use of nonexpendable property.

(a) The Grantee shall use the property in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the FmHA.

(2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activities in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

All tangible items together with appurtenant furnishings and equipment, including all accessions, repairs, and replacements associated with the proposed facility.

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

S. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. In construction contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

U. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1875C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

V. The following clause is applicable to nonprofit organizations:

As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 49,000.00

which it will advance to Grantee to meet not to exceed 75 percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any state or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

TERMINATION OF THIS AGREEMENT

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presence to be executed by its duly authorized Mayor

and attested and its corporated seal affixed by its duly authorized Recorder

ATTEST:

By Gay Y. Hudson

Recorder

(Title)

TOWN OF BUFFALO

By H. B. Hill

Mayor

(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By James H. Anderson
for **FORREST W. SOUTHALL**

District Director

(Title)

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Buffalo Sewer Revenue Bonds, Series 1990 A and Series 1990 B, all dated September 6, 1990, in the aggregate principal amount of \$292,820 (collectively "the Bonds") and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 6th day of September, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Corporate Trust Administrative
Officer

09/04/90
BUFFALOJ.Y4
11610/88001

THE TOWN OF BUFFALO

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

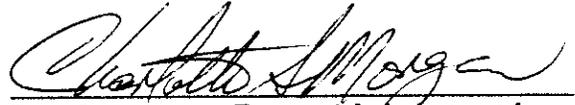
CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Corporate Trust Administrative Officer of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$292,820 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, of The Town of Buffalo (the "Issuer"), hereby certify that on the 6th day of September, 1990, the single fully registered Series 1990 A Bond of the Issuer in the principal amount of \$280,168 designated "Sewer Revenue Bond, Series 1990 A," numbered AR-1, and the single fully registered Series 1990 B Bond of the Issuer in the principal amount of \$12,652 designated "Sewer Revenue Bond, Series 1990 B," numbered BR-1, were registered as to principal and interest (the Series 1990 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 6th day of September, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Corporate Trust Administrative
Officer

09/04/90
BUFFALOJ.AA4
11610/88001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of September, 1990, by and between THE TOWN OF BUFFALO, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$292,820 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance finally enacted July 2, 1990, and a Supplemental Resolution adopted September 4, 1990 (collectively, the "Local Act");

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 Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

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

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

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

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

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

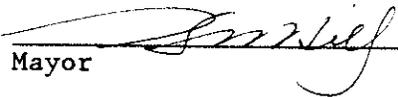
ISSUER: The Town of Buffalo
 P. O. Box 217
 Buffalo, West Virginia 25033
 Attention: Mayor

REGISTRAR: One Valley Bank, National Association
 Post Office Box 1793
 One Valley Square
 Charleston, West Virginia 25326
 Attention: Corporate Trust Department

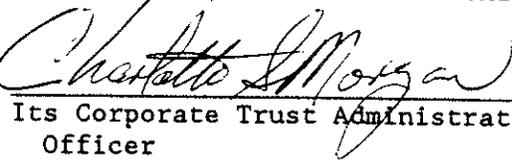
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, THE TOWN OF BUFFALO and ONE VALLEY BANK, NATIONAL ASSOCIATION 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  _____
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By  _____
Its Corporate Trust Administrative
Officer

09/04/90
BUFFALOJ.BB4
11610/88001

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONE VALLEY
BANK

HONORABLE H. B. HILL,
MAYOR - TOWN OF BUFFALO, WV
TOWN HALL
BUFFALO, WV 25033

DATE SEPTEMBER 6, 1990

UNITS	ITEM DESCRIPTION	TOTAL
	<p>\$292,820 PAR THE TOWN OF BUFFALO, WV SEWER REVENUE BONDS, 1990 SERIES A & SERIES B.</p> <p>ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.</p>	<p>\$500.00</p>

SEND REMITTANCE TO: One Valley Bank
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Attn: CHARLOTTE S MORGAN

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1990 A, of The Town of Buffalo in the principal amount of \$280,168, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: September 6, 1990.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

09/04/90
BUFFALOJ.CC4
11610/88001



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

May 31, 1989

LARRY W. GEORGE
Deputy Director

Mr. Hallett B. Hill
Chairman
Town of Buffalo
P. O. Box 217
Buffalo, WV 25033

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Hill:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0024694 dated the 31st day of May 1989 for the Town of Buffalo, West Virginia.

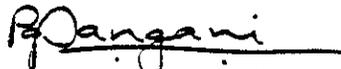
Please note that a Discharge Monitoring Report (DMR) is to be completed and submitted to this office each month. It is suggested that several copies of the enclosed DMR form be made for your future use, as this office does not supply permittees with DMR forms.

Also enclosed find Order No. 2705 for revocation of WV/NPDES Permit No. WV0024694.

If you have any questions, please do not hesitate to contact John Morgan of this office at 348-4086.

Sincerely,

MUNICIPAL WASTE SECTION


Pravin G. Sangani
Section Leader
Permits Branch

mla

Enclosure



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
CHARLESTON 25305

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0024694

Issue Date: May 31, 1989

Subject: Sewage Facilities

Effective Date: June 30, 1989

Expiration Date: May 30, 1994

Supersedes: WV/NPDES Permit No. WV002469.
Issue Date March 29, 1985

Location:

Buffalo
(City)

Putnam
(County)

Kanawha
(Drainage Basin)

Outlet Latitude: 38° 37' 46" N

Sites: Longitude: 81° 58' 22" W

To whom it may concern:

This is to certify that

Town of Buffalo
P. O. Box 217
Buffalo, WV 25033

is hereby granted a NPDES Water Pollution Control Permit to construct, install, operate and maintain a wastewater collection system and a 0.1286 MGD wastewater treatment plant which are further described as follows.

The collection system will be comprised of approximately 27,340 linear feet of eight (8) inch diameter and 7,260 linear feet of 10 inch diameter gravity sewer lines, 100 manholes, 35 cleanouts, four(4) lift stations, 3,500 linear feet of four(4) inch diameter force main and all necessary appurtenances.

The wastewater treatment plant will be comprised of a 270 feet by 190 feet (liquid level surface dimensions) aerated lagoon, a 270 feet by 150 feet (liquid level surface dimensions) sedimentation pond, a 10,100 gallon chlorine contact chamber and all necessary appurtenances.

Facilities are designed to serve a maximum population equivalent of 1,837 persons in the Town of Buffalo and environs and discharge the treated wastewater to the Kanawha River (approximately 19.0 miles from its mouth).

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0024694 dated the 16th day of November 1988 is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications and Reports:

Date Approved: August 10, 1988

Prepared By: Randolph Engineering Company, Inc., 1414 Teays Valley Road,
P. O. Box 346, Scott Depot, West Virginia 25560.

Title: Town of Buffalo; Putnam County, West Virginia - Contract I -
Wastewater Treatment Plant - Contract II - Collection Sewers -
Contract III - Lift Stations - EPA Project No. C-540189.

FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES

