

**CITY OF CLARKSBURG**

**Waterworks Improvement and Refunding Revenue Bonds, Series 1992  
Debt Service Reserve Fund Agreement**

**TRANSCRIPT**

**Document List**

1. Board Resolution
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9. Yield Verification of Tetrick, Bartlett & Co.

05/31/95  
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155510/94004

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RESOLUTION

\$25,500,405  
City of Clarksburg (West Virginia)  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992  
Debt Service Reserve Fund Restructuring

WHEREAS, the City of Clarksburg, West Virginia (the "City") did on December 30, 1992, at the request of the Clarksburg Water Board (the "Board"), issue its Waterworks Improvement and Refunding Revenue Bonds, Series 1992, in the aggregate principal amount of \$25,500,405 (the "Bonds");

WHEREAS, pursuant to the Ordinance enacted by the City on December 17, 1992, as supplemented by a Supplemental Resolution adopted December 17, 1992 authorizing the issuance of the Bonds (said Ordinance as so supplemented herein called the "Ordinance"), a Sinking Fund and within said Sinking Fund, a Reserve Account was established with the West Virginia Municipal Bond Commission (the "Bond Commission") and funded with proceeds of the Bonds in the amount of \$1,972,787.50 (the "Reserve Account");

WHEREAS, moneys in the Reserve Account have heretofore been invested by the Bond Commission in the "Restricted Consolidated Fund" established with the West Virginia Board of Investments;

WHEREAS, the members of the Board have been presented with a proposal by Ferris, Baker Watts, Incorporated to restructure the investments in the Reserve Account so as to provide for the investment of moneys therein in certain short-term Government Obligations (as defined in the Ordinance) and ensure the yield on such Government Obligations through a Debt Service Reserve Fund Agreement dated as of May 12, 1995, among the City, the Board, the Bond Commission and Lehman Brothers Special Financing, Inc. (the "Agreement");

WHEREAS, such Government Obligations constitute "Qualified Investments" as such term is defined in the Ordinance;

WHEREAS, Ferris, Baker Watts, Incorporated has represented to the Board that such restructuring of investment securities in the Reserve Account (the

"Restructuring") will provide cash savings for the City's Waterworks System and eliminate fluctuations in the yield of securities on deposit in the Reserve Account;

WHEREAS, Board has considered such proposal and the Agreement and finds that they are acceptable and that it is in the best interests of the City and customers of the Board to undertake the Restructuring for the purpose of providing an immediate cash distribution to the Board at the time such transaction is completed and to eliminate variations in the yield of investment securities in the Reserve Account; and

WHEREAS, the Board has received preliminary indication from its Bond Counsel, Steptoe & Johnson, that such Restructuring in accordance with the proposal and the Agreement is legal and does not violate any of the provisions of the Bonds or of the Ordinance;

NOW, THEREFORE, BE IT RESOLVED that so long as the minimum cash distribution acceptable to the Board be confirmed in writing by Ferris, Baker Watts, Incorporated, the Board undertake the Restructuring in accordance with the proposal and the Agreement at the earliest practicable date, and that the President, Secretary and other necessary officers and employees of the Board be authorized to execute and deliver the Agreement and such other agreements, certificates, instructions and other documents as may be necessary or desirable in accomplishing the Restructuring.

This Resolution shall be effective immediately.

Adopted this 16th day of February, 1995.

CLARKSBURG WATER BOARD

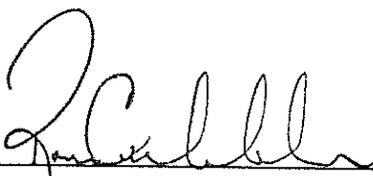
By F. L. T. [Signature]  
Its President

CERTIFICATION

I, Ron C. Ashbaker, the duly appointed Secretary of the Clarksburg Water Board, do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the members of the City Water Board at a regular meeting thereof, held February 16, 1995.

Dated this 12th day of May, 1995.

[SEAL]

  
Secretary

05/15/95  
CDSRC.H2  
155510/94004



RESOLUTION

\$25,500,405  
City of Clarksburg (West Virginia)  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992  
Debt Service Reserve Fund Restructuring

WHEREAS, the City of Clarksburg, West Virginia (the "City") did on December 30, 1992, issue its Waterworks Improvement and Refunding Revenue Bonds, Series 1992, in the aggregate principal amount of \$25,500,405 (the "Bonds");

WHEREAS, pursuant to the Ordinance enacted by the City on December 17, 1992, as supplemented by a Supplemental Resolution adopted December 17, 1992 authorizing the issuance of the Bonds (said Ordinance as so supplemented herein called the "Ordinance"), a Sinking Fund and within said Sinking Fund, a Reserve Account was established with the West Virginia Municipal Bond Commission (the "Bond Commission") and funded with proceeds of the Bonds in the amount of \$1,972,787.50 (the "Reserve Account");

WHEREAS, moneys in the Reserve Account have heretofore been invested by the Bond Commission in the "Restricted Consolidated Fund" established with the West Virginia Board of Investments;

WHEREAS, the City Council of the City ("Council") has been presented with a proposal by Ferris, Baker Watts, Incorporated to restructure the investments in the Reserve Account so as to provide for the investment of moneys therein in certain short-term Government Obligations (as defined in the Ordinance) and ensure the yield on such Government Obligations through a Debt Service Reserve Fund Agreement dated as of May 12, 1995, among the City, the Clarksburg Water Board, the Bond Commission and Lehman Brothers Special Financing, Inc. (the "Agreement");

WHEREAS, such Government Obligations constitute "Qualified Investments" as such term is defined in the Ordinance;

WHEREAS, Ferris, Baker Watts, Incorporated has represented to Council that such restructuring of investment securities in the Reserve Account (the "Restructuring") will provide cash savings for the City's Waterworks System and eliminate fluctuations in the yield of securities on deposit in the Reserve Account;

WHEREAS, Council has considered such proposal and the Agreement and finds that they are acceptable and that it is in the best interests of the City and customers of the City's Waterworks System to undertake the Restructuring for the purpose of providing an immediate cash distribution to the Clarksburg Water Board at the time such transaction is completed and to eliminate variations in the yield of investment securities in the Reserve Account; and

WHEREAS, Council has received preliminary indication from its Bond Counsel, Steptoe & Johnson, that such Restructuring in accordance with the proposal and the Agreement is legal and does not violate any of the provisions of the Bonds or of the Ordinance;

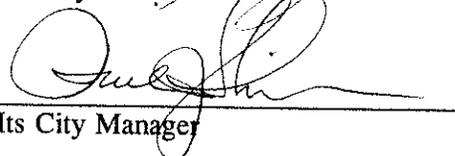
NOW, THEREFORE, BE IT RESOLVED that so long as the minimum cash distribution acceptable to the Clarksburg Water Board be confirmed in writing by Ferris, Baker Watts, Incorporated, the City undertake the Restructuring in accordance with the proposal and the Agreement at the earliest practicable date, and that the Mayor, City Manager, City Clerk and other necessary officers and employees of the City be authorized to execute and deliver the Agreement and such other agreements, certificates, instructions and other documents as may be necessary or desirable in accomplishing the Restructuring.

This Resolution shall be effective immediately.

Adopted this 16th day of February, 1995.

CITY OF CLARKSBURG

By   
Its Mayor

By   
Its City Manager

CERTIFICATION

I, Patricia L. Denselma, the duly elected City Clerk of the City of Clarksburg, do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of the City of Clarksburg at a regular meeting thereof, held February 16, 1995.

Dated this 12<sup>th</sup> day of May, 1995.

[SEAL]

Patricia L. Denselma  
City Clerk

05/11/95  
CDSRJ.G1  
155510/94004



**DEBT SERVICE RESERVE FUND AGREEMENT**

This Debt Service Reserve Fund Agreement (this "Agreement"), dated as of May 12, 1995, among the CITY OF CLARKSBURG (WEST VIRGINIA) (the "Issuer"), WEST VIRGINIA MUNICIPAL BOND COMMISSION, (the "Bond Commission"), the CLARKSBURG WATER BOARD (the "Board") and LEHMAN BROTHERS SPECIAL FINANCING INC., a Delaware corporation ("Lehman").

**SECTION I. DEFINITIONS**

For purposes of this Agreement, unless the context clearly indicates otherwise, the words and terms defined in this Section I have the respective meanings given to them herein:

"Bond Ordinance " means the City of Clarksburg (West Virginia) Waterworks Improvement and Refunding Revenue Bonds, Series 1992 Bond Ordinance, enacted December 17, 1992, as supplemented by a Supplemental Resolution adopted December 17, 1992, effective following public hearing held on December 17, 1992.

"Bond Payment Date" means each March 1 and September 1 commencing March 1, 1995 or, if such day is not a Business Day, the immediate succeeding Business Day.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which the principal corporate trust office of the Bond Commission is authorized or required by law to close, or (c) a day on which any Eligible Securities which may be sold hereunder are not subject to delivery in New York, New York.

"Debt Service Reserve Fund" means the Reserve Account created by Section 4.02 of the Bond Ordinance.

"Differential" means the amount, if any, by which the Purchase Price of any Eligible Security sold hereunder exceeds the Market Value thereof.

"Eligible Securities" means direct, full faith and credit obligations of, the United States of America, which shall mature not later than the Bond Payment Date following the date of sale thereof.

"Event of Default" has the meaning specified in Section 6.1.

"Fee Amount" means \$125,000.

"Market Value" means with respect to any Eligible Security sold hereunder, the market value thereof as specified by the Qualified Dealer selling that security, provided that the Market Value of any such security shall in no event exceed the Maturity Amount thereof.

"Maturity Amount" means, with respect to any Eligible Security, the amount to be paid on such Eligible Security at the maturity date thereof, which amount shall equal the sum of the Purchase Price thereof plus the product of the Purchase Price multiplied by 5.60% and further multiplied by a fraction equal to the number of days from the Bond Payment Date occurring in the Sale Period relating to the Purchase Price to the maturity date thereof divided by 365 or 366, as appropriate for the number of days in the year in which sold, such sum rounded down to the nearest \$1,000.

"Purchase Price" means with respect to any Eligible Securities, the amount described as the specified purchase price in the Sale Notice, provided that the aggregate Purchase Price with respect to the Eligible Securities sold during any one Sale Period may not exceed the Reserve Requirement.

"Qualified Dealer" means Lehman Brothers Government Securities Inc. or any other dealer in Eligible Securities selected by Lehman.

"Reserve Requirement" means, at the time of computation, the greatest amount of principal (including any sinking fund payments) and interest payable with respect to the bonds issued under the Bond Ordinance for the then or any succeeding period beginning on July 1 and ending on the succeeding June 30, which amount as of the date hereof is \$1,967,812.50.

"Sale Notice" means a notice substantially in the form of Exhibit C or in such other form as provided by the Qualified Dealer and is reasonably acceptable to the Bond Commission.

"Sale Period" means each period beginning on each Bond Payment Date and ending eight Business Days after receipt by Lehman of notice from the Issuer that Lehman has not caused to be sold Eligible Securities following such Bond Payment Date.

"Termination Date" shall mean September 1, 2002.

## SECTION II. PURCHASE AGREEMENT

Section 2.1 Purchase and Sale of Eligible Securities. (a) In consideration of the payment by Lehman of the Fee Amount and Lehman bearing the risk of changes in interest rates, Lehman shall, on each Bond Payment Date (or as soon thereafter as is reasonably possible during the Sale Period), cause a Qualified Dealer to sell to the Bond Commission Eligible Securities at the Purchase Price thereof, which Eligible Securities shall have a Maturity Amount as defined herein. The aggregate amount of Eligible Securities sold to the Trustee during a Sale Period shall have an aggregate Maturity Amount equal to the product of the Reserve Requirement (or such lesser amount as is on deposit in the Debt Service Reserve Account) multiplied by 5.60% and further multiplied by a fraction equal to the number of days from the

Bond Payment Date occurring in the Sale Period relating to the Purchase Price to the maturity date thereof divided by 365 or 366, as appropriate for the number of days in the year in which sold, such product rounded down to the nearest \$1,000.

(b) The Bond Commission shall, at the time of the sale of any Eligible Securities by the Qualified Dealer, purchase such securities and pay to the Qualified Dealer or Lehman, as applicable, in accordance with Section 2.2(b) hereof, an amount equal to the Purchase Price.

Section 2.2 Sale; Payment. (a) All Eligible Securities sold hereunder shall be sold without recourse and shall be sold to the Bond Commission to the account specified in Section 7.1 hereof, in such manner as at the time is generally acceptable for delivery of Eligible Securities. All Eligible Securities sold hereunder shall be sold to the Bond Commission on a "delivery versus payment" basis.

(b)(i) The Qualified Dealer shall give the Bond Commission at least one Business Day prior notice of the proposed sale of any Eligible Securities hereunder which are to be delivered in book-entry form and at least two Business Days notice of any Eligible Securities which are to be delivered in certificated form. Any such notice shall be in substantially the form of the Sale Notice. Set forth in Exhibit D are the Eligible Securities expected to be sold to the Bond Commission pursuant to this Agreement. In the event the securities listed in Exhibit D are not available to be sold to the Bond Commission, then other Eligible Securities may be substituted for the securities listed on Exhibit D and the Qualified Dealer shall give the Bond Commission five (5) Business Days notice of the proposed sale of such substituted Eligible Securities, which notice shall be substantially in the form of the Sale Notice.

(ii) [Reserved].

(iii) The Bond Commission shall pay the Market Value of any Eligible Securities sold to the Bond Commission hereunder to the Qualified Dealer, for the account of the Qualified Dealer, and shall pay the Differential, if any, to the Qualified Dealer, for the account of Lehman. The Bond Commission may conclusively rely on the specification by the Qualified Dealer of the Market Value and the Maturity Amount of an Eligible Security.

(iv) All payments to be made hereunder shall be made in immediately available funds from the Debt Service Reserve Fund.

(v) Lehman agrees and acknowledges that neither it nor any Qualified Dealer has any right, title or interest in or to any securities, cash, or other property held in the Debt Service Reserve Fund or by the Bond Commission, including without limitation, the Eligible Securities. The Bond Commission, the Issuer, and Lehman understand and expect that the purchase prices for the Eligible Securities may be different than the market prices for such securities at the time of the purchase by the Bond Commission without taking into account the payment by Lehman of the Fee Amount and the fact that Lehman is bearing the risk of changes in interest rates.

Section 2.3 Direction by Issuer to Bond Commission. The Issuer hereby irrevocably instructs the Bond Commission to enter into this Agreement and to take the actions required of

the Bond Commission hereunder, and the Bond Commission agrees to take the actions required of it hereunder, including but not limited to making the purchases required by this Agreement.

Section 2.4 Issuer, Board and Bond Commission Cooperation. (a) The Bond Commission shall not act in contravention of its obligations hereunder or invest moneys held in the Debt Service Reserve Fund other than in Eligible Securities purchased pursuant to this Agreement, or hold uninvested amounts required hereunder to be used to purchase Eligible Securities.

(b) The Issuer, Board and the Bond Commission agree that none of them shall, without Lehman's written consent, amend or consent to the amendment of the Bond Ordinance, or exercise any right or option under the Bond Ordinance or do or undertake any act pursuant thereto, including any sale, redemption, substitution or reinvestment of any investment held in the Debt Service Reserve Fund or reinvestment or distribution therefrom of amounts received in respect of any such investment, whether cash or investments held therein except to make payment of debt service in accordance with the Bond Ordinance, which would qualify, impede or otherwise affect the ability of the Bond Commission to perform its duties hereunder or would impair the rights or interests of Lehman under this Agreement.

(c) The Bond Commission agrees to notify Lehman of any withdrawal from the Debt Service Reserve Fund made in order to make a payment on a Bond Payment Date on the obligations issued under the Bond Ordinance, which notice shall be given within five (5) Business Days of the occurrence thereof and which notice shall specify the amount of cash or securities remaining in the Debt Service Reserve Fund.

### SECTION III. DECREASE IN RESERVE REQUIREMENT; REFUNDING

Section 3.1 Decrease in Reserve Requirements; Refunding. (a) In the event the amount of the Reserve Requirement is decreased from the amounts listed on Exhibit D at the dates listed on Exhibit D, the Issuer shall notify Lehman of such decrease. If the Reserve Requirement is decreased because of a refunding in full of the bonds issued pursuant to the Bond Ordinance, then the Issuer may request that this Agreement apply to the reserve fund for the refunding obligations, and Lehman shall agree to such application provided the following conditions are satisfied:

(i) the rating on the refunding obligations equals or exceeds the rating (existing immediately prior to the refunding) on the obligations secured by the Debt Service Reserve Fund;

(ii) the security and source of payment for the refunding obligations is substantially the same as the security and source of payment for the obligations secured by the Debt Service Reserve Fund;

(iii) in the event the Reserve Requirement decreases by greater than five percent (5.00%) then Lehman shall determine the value of selling Eligible Securities to the reserve fund for the refunding obligations, and if such value is greater than the value of

selling Eligible Securities to the Debt Service Reserve Fund (which value shall be determined by Lehman in good faith and absent the refunding), then Lehman agrees to pay the difference thereof to the Issuer and if the value is less than the value of selling Eligible Securities hereunder then the Issuer agrees to pay the difference thereof to Lehman, and

(iv) Lehman receives such other documentation, opinions or assurances as it may reasonably request.

(b) In the event the Reserve Requirement decreases and the provisions of section 3.1(a) are not applicable, then Lehman shall have the right to demand payment of damages by notice to the Bond Commission and the Issuer, which the Issuer agrees to pay, as liquidated damages and not as a penalty, of an amount equal to the total amount required, determined as of the date of demand for such payment by Lehman in good faith, to preserve for Lehman the economic equivalent of its right to cause to be sold Eligible Securities to the Bond Commission under this Agreement, assuming the Reserve Requirement had not decreased, through the termination date described in Section 7.5 hereof and otherwise to compensate Lehman for any losses and costs (including loss of bargain and costs of funding and any amount payable by Lehman to any dealer) that Lehman may incur as a result of the decrease in the Reserve Requirement.

#### SECTION IV. REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties. Each party hereto represents and warrants to the other party hereto that:

(a) this Agreement has been duly authorized, executed and delivered by it and, assuming the due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the terms hereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity regardless of whether enforcement is sought in a proceeding in equity or at law;

(b) its execution and delivery of this Agreement and its performance of its obligations hereunder do not and will not constitute or result in a default under, a breach or violation of, or the creation of any lien or encumbrance on any of its property under, its charter or by-laws, or the Bond Ordinance, or any other agreement, instrument, judgment, injunction or order applicable to it or any of its property;

(c) there is no proceeding pending or threatened against it at law or in equity, or before any governmental instrumentality or in any arbitration, which would materially impair its ability to perform its obligations under this Agreement, and there is no such proceeding pending against it which purports or is likely to affect the legality, validity or enforceability of the Agreement;

(d) in the case of the Issuer and the Board (i) the Bond Ordinance is a legal, valid and binding obligation of the Issuer and the Board, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and (ii) no amendment, waiver or course of dealing has amended or terminated any of the terms thereof since the original execution and delivery thereof, and no "event of default" or event which would with the passage of time or the giving of notice constitute an event of default has occurred and is continuing under the Bond Ordinance;

(e) in the case of the Issuer and the Board, it is the owner and holder of all rights granted to or obtained by it under the Bond Ordinance, including the reinvestment rights contained therein, and there are no liens, claims or charges against the Issuer's or the Board's interest in the reinvestment rights to the securities held under the Bond Ordinance;

(f) in the case of the Issuer and the Board, the Bond Payment Dates and Reserve Requirement listed on Exhibit D are identical to the Bond Payment Dates and Reserve Requirement established under the Bond Ordinance.

(g) in the case of the Issuer and the Board, (i) it is not entitled to claim, and shall not assert any claim, with respect to itself or its revenues, assets or property (irrespective of the use or intended use thereof), of immunity on the grounds of sovereignty or similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgment, in aid of execution, or otherwise) and execution or enforcement of any judgment to which it or its revenues or assets or property might otherwise be entitled in any suit, action or proceeding relating to this Agreement in the courts of any jurisdiction, nor may there be attributed to the Issuer or the Board or its revenues, assets or property any such immunity (nor shall such attribution be claimed by the Issuer or the Board), and (ii) the Issuer and the Board have entered into this Agreement for purposes of managing its respective borrowings or investments by increasing the predictability of its cash flow from earnings on its investments and not for purposes of speculation.

## SECTION V. CONDITIONS PRECEDENT

Section 5.1 Conditions Precedent. The performance of the obligations of the Bond Commission and Lehman hereunder are conditioned upon the occurrence of the following:

(a) delivery to the Bond Commission and the Issuer of an opinion of counsel to Lehman, in the form of Exhibit A; and

(b) delivery to the Bond Commission and Lehman of an opinion of counsel to the Issuer, in the form of Exhibit B.

## SECTION VI. DEFAULTS; TERMINATION

Section 6.1 Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) the Bond Commission shall fail, for any reason, (other than because cash is not available in the Debt Service Reserve Fund because the Bond Commission withdrew funds from the Debt Service Reserve Fund in order to make a regularly scheduled debt service payment on a Bond Payment Date on the obligations issued under the Bond Ordinance) to purchase any Eligible Securities tendered by the Qualified Dealer in accordance with this Agreement in accordance with Section 2.1 upon due tender of such Eligible Securities in accordance with the provisions of this Agreement, such Eligible Securities shall have been resubmitted to the Bond Commission for purchase, and two (2) Business Days shall have passed and such failure shall still continue;

(b) the Bond Commission, the Board or the Issuer shall default in the performance of any its respective obligations or agreements under this Agreement, other than as described in clause (a) above;

(c) any representation or warranty of the Issuer or the Board contained in this Agreement proves to have been incorrect, false or misleading in any material respect as of the date on which it was made;

(d) Lehman shall fail to cause to be sold to the Bond Commission, during any Sale Period, Eligible Securities; or

(e) Lehman shall admit its inability to pay its debts or shall file (or consent or fail to object to the filing against it of) a petition under the United States Bankruptcy Code.

Section 6.2 Remedies of Lehman. Upon the occurrence of an Event of Default described in Section 6.1(a), (b) or (c), Lehman shall have the right to:

(a) cause a Qualified Dealer to sell to the Bond Commission or sell to any other purchaser all of the Eligible Securities which were to be purchased hereunder which have not theretofore been purchased by the Bond Commission;

(b) immediately terminate this Agreement by giving notice thereof to the Bond Commission, the Board and the Issuer; and/or

(c) make demand for the payment of damages, by notice to the Bond Commission, the Board and the Issuer, whereupon the Issuer shall pay to Lehman, as liquidated damages and not as a penalty, on demand, (i) (A) if this Agreement has not been terminated, an amount equal to the Resale Loss Amount (as defined below) for any Eligible Securities which have been sold to a third party or sold to the Bond Commission pursuant to clause (a) above or (B) if this Agreement has been terminated, an amount equal to the total amount required, determined as of the date of demand for such payment by Lehman in good faith, to preserve for Lehman the

economic equivalent of its right to cause to be sold Eligible Securities to the Bond Commission under this Agreement through the termination date described in Section 7.5 hereof and otherwise to compensate Lehman for any losses and costs (including loss of bargain and costs of funding and any amount payable by Lehman to any dealer) that it may incur as a result of the failure of the Bond Commission to purchase such Eligible Securities or the termination of this Agreement, and (ii) without duplication of any costs described in (i) above, any incidental costs and expenses (including reasonable legal fees and expenses) incurred by Lehman and the Qualified Dealer in connection with any resale of such Eligible Securities and the enforcement of its rights hereunder. As used herein "Resale Loss Amount" means with respect to any Eligible Securities, the sum of (x) interest on the Purchase Price of such Eligible Securities for each day from and including the date the Bond Commission failed to purchase such Eligible Securities to but excluding the date on which such Eligible Securities are resold to a third party or to the Bond Commission, (y) the excess, if any, of the Purchase Price of such Eligible Securities over the amount received by the Qualified Dealer upon such resale of the securities (the "Shortfall Amount"), and (z) interest on the Shortfall Amount from and including the resale date to but excluding the date on which the Bond Commission or the Issuer, as applicable, compensates Lehman for its losses as described herein. Interest shall accrue at a rate per annum equal to the Default Rate. As used herein, "Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost to Lehman) to Lehman if it were to fund or of funding the relevant amount plus 1% per annum.

Section 6.3 Remedies of Issuer. Upon the occurrence of an Event of Default described in Section 6.1(d) or (e), the Issuer shall have the right to:

(a) direct Lehman to cause a Qualified Dealer to sell to the Bond Commission the Eligible Securities which were to be sold hereunder which have not theretofore been sold to the Bond Commission;

(b) immediately terminate this Agreement by giving notice thereof to the Bond Commission, the Board and Lehman; and/or

(c) make demand for the payment of damages, by notice to the Bond Commission, the Board and Lehman, whereupon Lehman shall pay to the Issuer, as liquidated damages and not as a penalty, on demand, (i)(A) if this Agreement has not been terminated, an amount equal to the Issuer Loss Amount (as defined below) for any Eligible Securities which were to have been sold to the Bond Commission pursuant to clause (a) above or (B) if this Agreement has been terminated, an amount equal to the total amount required, determined as of the date of demand for such payment by Lehman in good faith, to preserve for the Issuer the economic equivalent of the value which the Issuer would receive hereunder upon the sale of Eligible Securities to the Bond Commission under this Agreement through the termination date described in Section 7.5 hereof and otherwise to compensate the Issuer for any losses and costs (including loss of bargain and costs of funding) that it may incur as a result of the failure of Lehman to cause to be sold such Eligible Securities or the termination of this Agreement, and (ii) without duplication of any costs described in (i) above, any incidental costs and expenses (including reasonable legal fees and expenses) incurred by the Issuer in connection with the enforcement of its rights hereunder. As used herein "Issuer Loss Amount" means with respect to any Eligible Securities, the amount

which would have been earned by the Issuer on such Eligible Securities for each day from and including the Bond Payment Date immediately preceding the date the Event of Default under Section 6.1(d) or (e) occurred to but excluding the earlier of the date such Eligible Securities were sold to the Bond Commission or the Bond Payment Date immediately following the date the Event of Default under Section 6.1(d) or (e) occurred, which amount shall be calculated as if the Bond Commission had purchased such Eligible Securities at the Purchase Price thereof.

Section 6.4 No Waiver; Remedies Cumulative. No failure or delay on Lehman's part in exercising any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. Lehman's rights and remedies hereunder are cumulative and not exclusive to any rights or remedies provided by law, this Agreement or otherwise. None of the terms or provisions of this Agreement may be waived, modified or amended except in a writing duly signed by the Issuer, the Bond Commission and Lehman.

Section 6.5 Payments by Issuer Upon Delayed Purchase By Bond Commission. In the event the Bond Commission shall fail to purchase any Eligible Securities tendered by the Qualified Dealer and such Eligible Securities are resubmitted to the Bond Commission for purchase as contemplated by Section 6.1(a) hereof and the Bond Commission shall purchase the Eligible Securities when resubmitted, then the Issuer shall pay to Lehman, as liquidated damages and not as a penalty, on demand, interest (calculated at the Default Rate defined herein) on the Purchase Price of such Eligible Securities for each day from and including the date the Bond Commission failed to purchase such Eligible Securities to but excluding the date on which such Eligible Securities are purchased by the Bond Commission.

## SECTION VII. MISCELLANEOUS

Section 7.1 Notices. All notices, demands or other communications hereunder shall be given or made in writing and shall be delivered personally, or sent by certified or registered mail, postage prepaid, return receipt requested, or overnight delivery service, telex or telecopy to the party to whom they are directed at the following addresses, or at such other addresses as may be designated by notice from such party to all other parties:

To Lehman:

Lehman Brothers Special Financing Inc.  
7th Floor  
American Express Tower  
World Financial Center  
New York, NY 10285  
Attention: Senior Vice President  
Telephone: (212) 526-9833  
Telecopy: (212) 528-6923  
Bank Name: Chemical Bank, New York  
ABA # 021000128  
Account Name: Lehman Brothers Special Financing Inc.  
Account # 066-143543  
Further Credit to #098-90020

To the Bond Commission:

West Virginia Municipal Bond Commission  
812 Quarrier Street, Suite 300  
Charleston, West Virginia 25301  
Attention: Executive Director  
Telephone: (304) 558-3971  
Telecopy: (304) 558-1280

[FOR DELIVERY OF BOOK-ENTRY GOVERNMENT OBLIGATIONS]

State Street BOS/SPEC/Account V398  
Public Funds State Street Account 398  
ABA # 0110-0002-8  
Tax I.D. No. 556000800

To the Issuer:

City of Clarksburg, West Virginia  
Municipal Building  
227 West Pike Street  
Clarksburg, West Virginia 26301  
Attention: City Manager  
Telephone: (304) 624-1673  
Telecopy: (304) 624-1662

To the Board:

Clarksburg Water Board  
1001 South Chestnut Street

Clarksburg, West Virginia 26101  
Attention: President of Clarksburg Water Board  
Telephone: (304) 623-3711  
Telecopy: (304) 624-5468

Any notice, demand or other communication given in a manner prescribed in this Section 7.2 shall be deemed to have been delivered on receipt.

**Section 7.2 Binding Effect; Transfer.**

This Agreement shall be binding upon the Issuer, the Bond Commission and Lehman and upon their respective permitted successors and transferees. Lehman shall be entitled to transfer this Agreement, and its interests and obligations hereunder upon notice to the Issuer and the Bond Commission, provided that the transferee shall assume all of the rights and obligations of Lehman hereunder. Such transferee shall immediately become Lehman hereunder upon the delivery of such notice to the Bond Commission and the Issuer. Neither the Issuer or the Bond Commission may transfer this Agreement without the prior written consent of Lehman.

**Section 7.3 Limitation.** Nothing expressed or implied herein is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto, any right, remedy or claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the parties hereto, and their successors and permitted transferees.

**Section 7.4 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of law principles; provided that, to the extent required by the West Virginia constitution, matters involving the rights of the Issuer, the Board or the Bond Commission shall be governed by the laws of the State of West Virginia.

**Section 7.5 Termination.** Unless earlier terminated pursuant to Section 6.2 hereof, this Agreement shall terminate on Termination Date.

**Section 7.6 Counterparts.** This Agreement may be executed in one or more counterparts and when each party hereto has executed at least one counterpart, this Agreement shall become binding on all parties and such counterparts shall be deemed to be one and the same document.

**Section 7.7 Severability.** If one or more provisions of this Agreement or the applicability of any such provisions to any set of circumstances shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions or the applicability of the same provisions or any of the remaining provisions to other circumstances.

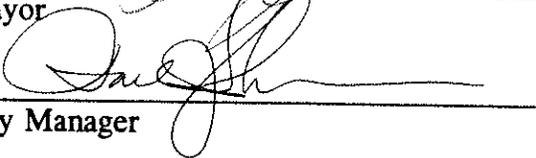
**Section 7.8 Amendments, Changes and Modifications.** This Agreement may be amended or any of its terms modified only by a written document authorized, executed and delivered by each of the parties hereto.

IN WITNESS WHEREOF, the Issuer, the Board, the Bond Commission and Lehman have caused this Debt Service Reserve Fund Agreement to be executed by their respective duly authorized officers, all as of the date and year first above written.

CITY OF CLARKSBURG (WEST VIRGINIA)

[SEAL]

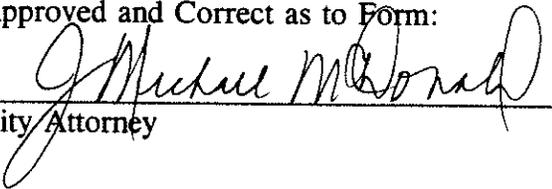
  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Manager

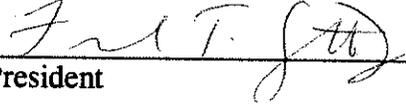
Attest:

  
\_\_\_\_\_  
City Clerk

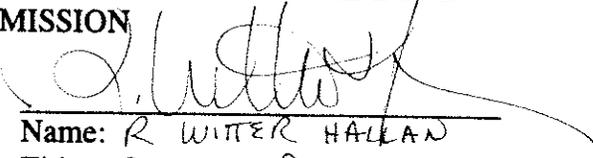
Approved and Correct as to Form:

  
\_\_\_\_\_  
City Attorney

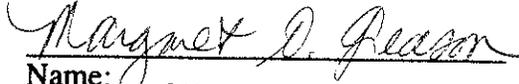
CLARKSBURG WATER BOARD

  
\_\_\_\_\_  
President

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By:   
\_\_\_\_\_  
Name: R WITTER HALLAN  
Title: EXEC DIR

LEHMAN BROTHERS SPECIAL FINANCING  
INC.

By:   
\_\_\_\_\_  
Name: MARGARET O. GREASON  
Title: VICE PRESIDENT

City of Clarksburg, West Virginia  
227 West Pike Street  
Clarksburg, West Virginia 26301

Clarksburg Water Board  
1001 South Chestnut Street  
Clarksburg, West Virginia 26101

Re: Waterworks Improvement and Refunding Revenue Bonds, Series 1992

Dear Sirs:

I have acted as counsel to Lehman Brothers Special Financing Inc. ("Lehman"), in connection with its execution and delivery of the Debt Service Reserve Fund Agreement, dated as of May 12, 1995 (the "Agreement"), by and among Lehman, City of Clarksburg, West Virginia (the "Issuer"), the Clarksburg Water Board, and the West Virginia Bond Commission (the "Bond Commission"). Capitalized terms used herein and not defined herein have the respective meanings given to them in the Agreement.

In rendering this opinion, I have examined, or had examined on my behalf, among other things, a copy of the Agreement.

In connection with the foregoing, I have also examined, or had examined on my behalf, originals or copies satisfactory to me of all such corporate records, agreements, certificates and other documents as I have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity with the authentic original documents of all documents submitted to me as copies.

In giving the opinions expressed below I do not purport to be expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of the State of New York and the General Corporation Law of the State of Delaware and the opinions expressed herein are limited to the laws of the State of New York and the General Corporation Law of the State of Delaware.

Based upon the foregoing examination and review, I am of the opinion that:

(i) Lehman has full legal right, power and authority to enter into the Agreement.

(ii) The Agreement has been duly authorized, executed and delivered by Lehman.

(iii) The Agreement is a legal, valid and binding obligation of Lehman, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

I am furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

EXHIBIT B

[Legal Opinion of Issuer]

Lehman Brothers Special Financing Inc.  
American Express Tower  
World Financial Center  
New York, NY 10285

Re: [NAME OF BONDS]

Dear Sirs:

We have acted as counsel to \_\_\_\_\_ (the "Issuer") in connection with the execution and delivery by the Issuer of the Debt Service Reserve Fund Agreement, dated as of \_\_\_\_\_, 199\_ (the "Agreement"), by and among the Issuer, \_\_\_\_\_ (the "Bond Commission") and Lehman Brothers Special Financing, Inc. ("Lehman"). Capitalized terms used herein and not defined herein have the respective meanings given to them in the Debt Service Reserve Fund Agreement.

In rendering this opinion, we have examined, among other things, copies of the Agreement and the Bond Ordinance.

In connection with the foregoing, we have also examined originals or copies satisfactory to us of all such corporate records, agreements, certificates and other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity with the original documents of all documents submitted to us as copies.

In giving the opinions expressed below we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of [State of Issuer] (the "State").

Based upon the foregoing examination and review, we are of the opinion that:

(i) The Issuer has full legal right, power and authority to enter into the Agreement and to authorize and direct the Bond Commission to provide for the investment of moneys in the Debt Service Reserve Fund pursuant to the Bond Ordinance by entering into the Debt Service Reserve Fund Agreement.

(ii) The Agreement has been duly authorized, executed and delivered by the Issuer.

[(iii) The stipulation of New York law as the governing law of the Agreement is enforceable under the laws of the State.]\*

(iv) [Assuming for purposes of the opinion expressed in this paragraph (iv) that State law and New York law are the same,]\* the Agreement is a legal, valid and binding obligation of the Issuer, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(v) The execution and delivery of the Agreement by the Issuer and the performance of its obligations thereunder do not and will not constitute or result in a default under, a breach or violation of, or the creation of any lien or encumbrance on any of its property under its charter or by-laws, or the Bond Ordinance, or any other agreement, instrument, judgment, injunction or order applicable to it or any of its property.

We are furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

\* Insert if state law is other than New York law.

# Lehman Brothers Special Financing, Inc. Sale Notice

Under the ( ) Agreement  
Dated as of: ( )

To: \_\_\_\_\_, as (Bond Commission/Bond Commission)  
Attention: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_

From: Lehman Government Securities Inc.  
Attention: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_

Date: ( )

Re: ( )

**Date and Price**

Purchase Date: ( )  
Specified Purchase Price: ( )

**Specific Government Obligations**

Cusip	Type	Maturity	Coupon	Face Amount	Maturity Amount	Accrued Interest
( )	( )	( )	( )	( )	( )	( )

**Delivery vs. Payment (Book Entry Delivery)**

On the Purchase Date, LGSI will sell Face Value ( ) (BILLS/NOTES) maturing ( )  
to:

( )  
( )  
( )  
( )  
Re: ( )

On the Purchase Date, LGSI will receive ( )

Chemical Bank NYC/Lehman  
ABA Number 021-000-128  
Account Number 066206677

City of Clarkburg (West Virginia)  
 Waterworks Improvement and Refunding Revenue Bonds  
 Series 1992

Sale Date	Bond Payment Date	T-Bill Maturity Date	Purchase Price	Calculated Par Amount	Maturity Amount	Yield	Reserve Requirement	Security Description
05/15/95	09/01/95	08/31/95	1,967,400.44	2,000,000	2,000,000	5.60%	1,967,812.50	6mo T-Bill
09/01/95	03/01/96	02/29/96	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
03/01/96	09/01/96	08/29/96	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
09/01/96	03/01/97	02/27/97	1,966,980.78	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
03/01/97	09/01/97	08/28/97	1,967,660.23	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
09/01/97	03/01/98	02/26/98	1,967,274.54	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
03/01/98	09/01/98	08/27/98	1,966,980.78	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
09/01/98	03/01/99	02/25/99	1,966,594.83	2,020,000	2,020,000	5.60%	1,967,812.50	6mo T-Bill
03/01/99	09/01/99	08/26/99	1,967,274.54	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
09/01/99	03/01/2000	02/24/2000	1,966,888.62	2,020,000	2,020,000	5.60%	1,967,812.50	6mo T-Bill
03/01/2000	09/01/2000	08/31/2000	1,967,751.99	2,023,000	2,023,000	5.60%	1,967,812.50	6mo T-Bill
09/01/2000	03/01/2001	03/01/2001	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
03/01/2001	09/01/2001	08/30/2001	1,967,072.86	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
09/01/2001	03/01/2002	02/28/2002	1,967,660.23	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
03/01/2002	09/01/2002	08/29/2002	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill





Asset Guaranty Insurance Company  
335 Madison Avenue  
25th Floor  
New York, New York 10017-4605  
212 983 5859  
Telex: 5106003897  
Fax: 212 682 5377

May 10, 1995

Mr. Ron C. Ashbaker  
General Manager  
Clarksburg Water Board  
1001 South Chestnut Street  
Clarksburg, West Virginia 26301

Dear Mr. Ashbaker:

As the insurer of the City of Clarksburg (West Virginia) Waterworks Improvement and Refunding Bonds, Series 1992 (the "Bonds"), Asset Guaranty Insurance Company ("Asset Guaranty") does not object to the execution of the Debt Service Reserve Fund Agreement (in the form attached hereto as Attachment A, the "Agreement") by the respective parties thereto. If the Debt Service Reserve Fund Agreement as ultimately executed differs in any respect from the Agreement, this letter is null, void and without effect.

Asset Guaranty is providing this letter solely at the request of Steptoe & Johnson. Asset Guaranty makes no representation regarding whether or not the consent, approval or acceptance of any other entity or individual including, without limitation, the holders of the Bonds, is also required.

Very truly yours,

Paul Kwiatkoski  
Senior Vice President

PK:as

cc: D. Beidler  
G. Pellicciotti

# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

SEVENTH FLOOR, BANK ONE CENTER  
P. O. BOX 1588  
CHARLESTON, W. VA. 25326-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1618  
MORGANTOWN, W. VA. 26507-1618  
(304) 598-8000  
FACSIMILE (304) 598-8118

126 EAST BURKE STREET  
P. O. BOX 2829  
MARTINSBURG, W. VA. 25401-5429  
(304) 263-6991  
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 725-1414  
FACSIMILE (304) 725-1913

THE BRYAN CENTRE  
P. O. BOX 570  
82 WEST WASHINGTON STREET, FOURTH FLOOR  
HAGERSTOWN, MARYLAND 21740-0570  
(301) 739-8800  
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING  
14TH AND CHAPLINE STREETS  
P. O. BOX 150  
WHEELING, W. VA. 26003-0020  
(304) 233-0000  
FACSIMILE (304) 233-0014

WRITER'S DIRECT DIAL NUMBER

(304)624-8161

May 15, 1995

City of Clarksburg (West Virginia)  
Water Revenue Bonds, Series 1992 Debt Service Reserve Fund Agreement

Mr. Paul Kwiatkoski  
Senior Vice President  
Asset Guaranty Insurance Company  
335 Madison Avenue, 25th Floor  
New York, New York 10017-4605

Dear Mr. Kwiatkoski:

In accordance with our telephone conversation today, I have discussed with Al Sawyers the changes to the Debt Service Reserve Fund Agreement among the City of Clarksburg (West Virginia), the West Virginia Municipal Bond Commission, the Clarksburg Water Board and Lehman Brothers Special Financing Inc. The only changes from the Execution Copy attached to your consent letter of May 10, 1995, are as follows:

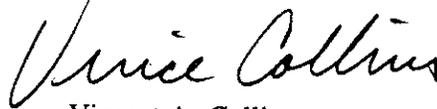
1. The amount of the Reserve Requirement noted at page 2 has been increased by \$25.00, to \$1,967,812.50;
2. The footnote to Exhibit D listing the securities to be purchased has been deleted; and
3. The Agreement is dated as of May 12, 1995.

If these changes are satisfactory, I request that you simply attach this letter to a further consent and fax it to me at your earliest convenience at (304)624-8183.

Mr. Paul Kwiatkoski  
Page 2

Thank you for your help and please feel free to call me if you have any questions.

Very truly yours,



Vincent A. Collins

VAC/cab

Copy of letter to:

Mr. Ronald Ashbaker

Mr. Charles C. Steele

Al B. Sawyers, Esquire

KWIATKOS.L01 155510/94004



Asset Guaranty Insurance Company  
335 Madison Avenue  
25th Floor  
New York, New York 10017-4605  
212 983 5859  
Telex: 5106003897  
Fax: 212 682 5377

Via Fax Transmittal

May 15, 1995

Mr. Ron C. Ashbaker  
General Manager  
Clarksburg Water Board  
1001 South Chestnut Street  
Clarksburg, West Virginia 26301

Dear Mr. Ashbaker:

We refer to our letter of May 10, 1995 to you and the Debt Service Reserve Fund Agreement attached thereto as Exhibit A (the "Agreement"). Asset Guaranty Insurance Company ("AGIC") does not object to the further changes to the Agreement set forth in the letter of May 15, 1995 from Vincent Collins of Steptoe & Johnson to Paul Kwiatkoski of AGIC.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Paul Kwiatkoski".

Paul Kwiatkoski  
Senior Vice President  
of Municipal Underwriting

PK:as

ATTACHMENT 1

EXECUTION COPY

**DEBT SERVICE RESERVE FUND AGREEMENT**

This Debt Service Reserve Fund Agreement (this "Agreement"), dated as of ^ May \_\_, 1995, among the CITY OF CLARKSBURG (WEST VIRGINIA) (the "Issuer"), WEST VIRGINIA MUNICIPAL BOND COMMISSION, (the "Bond Commission"), the CLARKSBURG WATER BOARD (the "Board") and LEHMAN BROTHERS SPECIAL FINANCING INC., a Delaware corporation ("Lehman").

**SECTION I. DEFINITIONS**

For purposes of this Agreement, unless the context clearly indicates otherwise, the words and terms defined in this Section I have the respective meanings given to them herein:

"Bond Ordinance " means the City of Clarksburg (West Virginia) Waterworks Improvement and Refunding Revenue Bonds, Series 1992 Bond Ordinance, enacted December 17, 1992, as supplemented by a Supplemental Resolution adopted December 17, 1992, effective following public hearing held on December 17, 1992.

"Bond Payment Date" means each March 1 and September 1 commencing March 1, 1995 or, if such day is not a Business Day, the immediate succeeding Business Day.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which the principal corporate trust office of the Bond Commission is authorized or required by law to close, or (c) a day on which any Eligible Securities which may be sold hereunder are not subject to delivery in New York, New York.

"Debt Service Reserve Fund" means the Reserve Account created by Section 4.02 of the Bond Ordinance.

"Differential" means the amount, if any, by which the Purchase Price of any Eligible Security sold hereunder exceeds the Market Value thereof.

"Eligible Securities" means direct, full faith and credit obligations of, the United States of America, which shall mature not later than the Bond Payment Date following the date of sale thereof.

"Event of Default" has the meaning specified in Section 6.1.

"Fee Amount" means \$125,000.

"Market Value" means with respect to any Eligible Security sold hereunder, the market value thereof as specified by the Qualified Dealer selling that security, provided that the Market Value of any such security shall in no event exceed the Maturity Amount thereof.

"Maturity Amount" means, with respect to any Eligible Security, the amount to be paid on such Eligible Security at the maturity date thereof, which amount shall equal the sum of the Purchase Price thereof plus the product of the Purchase Price multiplied by 5.60% and further multiplied by a fraction equal to the number of days from the Bond Payment Date occurring in the Sale Period relating to the Purchase Price to the maturity date thereof divided by 365 or 366, as appropriate for the number of days in the year in which sold, such sum rounded down to the nearest \$1,000.

"Purchase Price" means with respect to any Eligible Securities, the amount described as the specified purchase price in the Sale Notice, provided that the aggregate Purchase Price with respect to the Eligible Securities sold during any one Sale Period may not exceed the Reserve Requirement.

"Qualified Dealer" means Lehman Brothers Government Securities Inc. or any other dealer in Eligible Securities selected by Lehman.

"Reserve Requirement" means, at the time of computation, the greatest amount of principal (including any sinking fund payments) and interest payable with respect to the bonds issued under the Bond Ordinance for the then or any succeeding period beginning on July 1 and ending on the succeeding June 30, which amount as of the date hereof is \$1,967,787.50. 212.70

"Sale Notice" means a notice substantially in the form of Exhibit C or in such other form as provided by the Qualified Dealer and is reasonably acceptable to the Bond Commission.

"Sale Period" means each period beginning on each Bond Payment Date and ending eight Business Days after receipt by Lehman of notice from the Issuer that Lehman has not caused to be sold Eligible Securities following such Bond Payment Date.

"Termination Date" shall mean September 1, 2002.

## SECTION II. PURCHASE AGREEMENT

Section 2.1 Purchase and Sale of Eligible Securities. (a) In consideration of the payment by Lehman of the Fee Amount and Lehman bearing the risk of changes in interest rates, Lehman shall, on each Bond Payment Date (or as soon thereafter as is reasonably possible during the Sale Period), cause a Qualified Dealer to sell to the Bond Commission Eligible Securities at the Purchase Price thereof, which Eligible Securities shall have a Maturity Amount as defined herein. The aggregate amount of Eligible Securities sold to the Trustee during a Sale Period shall have an aggregate Maturity Amount equal to the product of the Reserve Requirement (or such lesser amount as is on deposit in the Debt Service Reserve Account) multiplied by 5.60% and further multiplied by a fraction equal to the number of days from the

Bond Payment Date occurring in the Sale Period relating to the Purchase Price to the maturity date thereof divided by 365 or 366, as appropriate for the number of days in the year in which sold, such product rounded down to the nearest \$1,000.

(b) The Bond Commission shall, at the time of the sale of any Eligible Securities by the Qualified Dealer, purchase such securities and pay to the Qualified Dealer or Lehman, as applicable, in accordance with Section 2.2(b) hereof, an amount equal to the Purchase Price.

Section 2.2 Sale; Payment. (a) All Eligible Securities sold hereunder shall be sold without recourse and shall be sold to the Bond Commission to the account specified in Section 7.1 hereof, in such manner as at the time is generally acceptable for delivery of Eligible Securities. All Eligible Securities sold hereunder shall be sold to the Bond Commission on a "delivery versus payment" basis.

(b)(i) The Qualified Dealer shall give the Bond Commission at least one Business Day prior notice of the proposed sale of any Eligible Securities hereunder which are to be delivered in book-entry form and at least two Business Days notice of any Eligible Securities which are to be delivered in certificated form. Any such notice shall be in substantially the form of the Sale Notice. Set forth in Exhibit D are the Eligible Securities expected to be sold to the Bond Commission pursuant to this Agreement. In the event the securities listed in Exhibit D are not available to be sold to the Bond Commission, then other Eligible Securities may be substituted for the securities listed on Exhibit D and the Qualified Dealer shall give the Bond Commission five (5) Business Days notice of the proposed sale of such substituted Eligible Securities, which notice shall be substantially in the form of the Sale Notice.

(ii) [Reserved].

(iii) The Bond Commission shall pay the Market Value of any Eligible Securities sold to the Bond Commission hereunder to the Qualified Dealer, for the account of the Qualified Dealer, and shall pay the Differential, if any, to the Qualified Dealer, for the account of Lehman. The Bond Commission may conclusively rely on the specification by the Qualified Dealer of the Market Value and the Maturity Amount of an Eligible Security.

(iv) All payments to be made hereunder shall be made in immediately available funds from the Debt Service Reserve Fund.

(v) Lehman agrees and acknowledges that neither it nor any Qualified Dealer has any right, title or interest in or to any securities, cash, or other property held in the Debt Service Reserve Fund or by the Bond Commission, including without limitation, the Eligible Securities. The Bond Commission, the Issuer, and Lehman understand and expect that the purchase prices for the Eligible Securities may be different than the market prices for such securities at the time of the purchase by the Bond Commission without taking into account the payment by Lehman of the Fee Amount and the fact that Lehman is bearing the risk of changes in interest rates.

Section 2.3 Direction by Issuer to Bond Commission. The Issuer hereby irrevocably instructs the Bond Commission to enter into this Agreement and to take the actions required of

the Bond Commission hereunder, and the Bond Commission agrees to take the actions required of it hereunder, including but not limited to making the purchases required by this Agreement.

Section 2.4 Issuer, Board and Bond Commission Cooperation. (a) The Bond Commission shall not act in contravention of its obligations hereunder or invest moneys held in the Debt Service Reserve Fund other than in Eligible Securities purchased pursuant to this Agreement, or hold uninvested amounts required hereunder to be used to purchase Eligible Securities.

(b) The Issuer, Board and the Bond Commission agree that none of them shall, without Lehman's written consent, amend or consent to the amendment of the Bond Ordinance, or exercise any right or option under the Bond Ordinance or do or undertake any act pursuant thereto, including any sale, redemption, substitution or reinvestment of any investment held in the Debt Service Reserve Fund or reinvestment or distribution therefrom of amounts received in respect of any such investment, whether cash or investments held therein except to make payment of debt service in accordance with the Bond Ordinance, which would qualify, impede or otherwise affect the ability of the Bond Commission to perform its duties hereunder or would impair the rights or interests of Lehman under this Agreement.

(c) The Bond Commission agrees to notify Lehman of any withdrawal from the Debt Service Reserve Fund made in order to make a payment on a Bond Payment Date on the obligations issued under the Bond Ordinance, which notice shall be given within five (5) Business Days of the occurrence thereof and which notice shall specify the amount of cash or securities remaining in the Debt Service Reserve Fund.

### SECTION III. DECREASE IN RESERVE REQUIREMENT; REFUNDING

Section 3.1 Decrease in Reserve Requirements; Refunding. (a) In the event the amount of the Reserve Requirement is decreased from the amounts listed on Exhibit D at the dates listed on Exhibit D, the Issuer shall notify Lehman of such decrease. If the Reserve Requirement is decreased because of a refunding in full of the bonds issued pursuant to the Bond Ordinance, then the Issuer may request that this Agreement apply to the reserve fund for the refunding obligations, and Lehman shall agree to such application provided the following conditions are satisfied:

(i) the rating on the refunding obligations equals or exceeds the rating (existing immediately prior to the refunding) on the obligations secured by the Debt Service Reserve Fund;

(ii) the security and source of payment for the refunding obligations is substantially the same as the security and source of payment for the obligations secured by the Debt Service Reserve Fund;

(iii) in the event the Reserve Requirement decreases by greater than five percent (5.00%) then Lehman shall determine the value of selling Eligible Securities to the reserve fund for the refunding obligations, and if such value is greater than the value of

selling Eligible Securities to the Debt Service Reserve Fund (which value shall be determined by Lehman in good faith and absent the refunding), then Lehman agrees to pay the difference thereof to the Issuer and if the value is less than the value of selling Eligible Securities hereunder then the Issuer agrees to pay the difference thereof to Lehman, and

(iv) Lehman receives such other documentation, opinions or assurances as it may reasonably request.

(b) In the event the Reserve Requirement decreases and the provisions of section 3.1(a) are not applicable, then Lehman shall have the right to demand payment of damages by notice to the Bond Commission and the Issuer, which the Issuer agrees to pay, as liquidated damages and not as a penalty, of an amount equal to the total amount required, determined as of the date of demand for such payment by Lehman in good faith, to preserve for Lehman the economic equivalent of its right to cause to be sold Eligible Securities to the Bond Commission under this Agreement, assuming the Reserve Requirement had not decreased, through the termination date described in Section 7.5 hereof and otherwise to compensate Lehman for any losses and costs (including loss of bargain and costs of funding and any amount payable by Lehman to any dealer) that Lehman may incur as a result of the decrease in the Reserve Requirement.

#### SECTION IV. REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties. Each party hereto represents and warrants to the other party hereto that:

(a) this Agreement has been duly authorized, executed and delivered by it and, assuming the due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the terms hereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity regardless of whether enforcement is sought in a proceeding in equity or at law;

(b) its execution and delivery of this Agreement and its performance of its obligations hereunder do not and will not constitute or result in a default under, a breach or violation of, or the creation of any lien or encumbrance on any of its property under, its charter or by-laws, or the Bond Ordinance, or any other agreement, instrument, judgment, injunction or order applicable to it or any of its property;

(c) there is no proceeding pending or threatened against it at law or in equity, or before any governmental instrumentality or in any arbitration, which would materially impair its ability to perform its obligations under this Agreement, and there is no such proceeding pending against it which purports or is likely to affect the legality, validity or enforceability of the Agreement;

(d) in the case of the Issuer and the Board (i) the Bond Ordinance is a legal, valid and binding obligation of the Issuer and the Board, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and (ii) no amendment, waiver or course of dealing has amended or terminated any of the terms thereof since the original execution and delivery thereof, and no "event of default" or event which would with the passage of time or the giving of notice constitute an event of default has occurred and is continuing under the Bond Ordinance;

(e) in the case of the Issuer and the Board, it is the owner and holder of all rights granted to or obtained by it under the Bond Ordinance, including the reinvestment rights contained therein, and there are no liens, claims or charges against the Issuer's or the Board's interest in the reinvestment rights to the securities held under the Bond Ordinance;

(f) in the case of the Issuer and the Board, the Bond Payment Dates and Reserve Requirement listed on Exhibit D are identical to the Bond Payment Dates and Reserve Requirement established under the Bond Ordinance.

(g) in the case of the Issuer and the Board, (i) it is not entitled to claim, and shall not assert any claim, with respect to itself or its revenues, assets or property (irrespective of the use or intended use thereof), of immunity on the grounds of sovereignty or similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgment, in aid of execution, or otherwise) and execution or enforcement of any judgment to which it or its revenues or assets or property might otherwise be entitled in any suit, action or proceeding relating to this Agreement in the courts of any jurisdiction, nor may there be attributed to the Issuer or the Board or its revenues, assets or property any such immunity (nor shall such attribution be claimed by the Issuer or the Board), and (ii) the Issuer and the Board have entered into this Agreement for purposes of managing its respective borrowings or investments by increasing the predictability of its cash flow from earnings on its investments and not for purposes of speculation.

## SECTION V. CONDITIONS PRECEDENT

Section 5.1 Conditions Precedent. The performance of the obligations of the Bond Commission and Lehman hereunder are conditioned upon the occurrence of the following:

(a) delivery to the Bond Commission and the Issuer of an opinion of counsel to Lehman, in the form of Exhibit A; and

(b) delivery to the Bond Commission and Lehman of an opinion of counsel to the Issuer, in the form of Exhibit B.

## SECTION VI. DEFAULTS; TERMINATION

Section 6.1 Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) the Bond Commission shall fail, for any reason, (other than because cash is not available in the Debt Service Reserve Fund because the Bond Commission withdrew funds from the Debt Service Reserve Fund in order to make a regularly scheduled debt service payment on a Bond Payment Date on the obligations issued under the Bond Ordinance) to purchase any Eligible Securities tendered by the Qualified Dealer in accordance with this Agreement in accordance with Section 2.1 upon due tender of such Eligible Securities in accordance with the provisions of this Agreement, such Eligible Securities shall have been resubmitted to the Bond Commission for purchase, and two (2) Business Days shall have passed and such failure shall still continue;

(b) the Bond Commission, the Board or the Issuer shall default in the performance of any its respective obligations or agreements under this Agreement, other than as described in clause (a) above;

(c) any representation or warranty of the Issuer or the Board contained in this Agreement proves to have been incorrect, false or misleading in any material respect as of the date on which it was made;

(d) Lehman shall fail to cause to be sold to the Bond Commission, during any Sale Period, Eligible Securities; or

(e) Lehman shall admit its inability to pay its debts or shall file (or consent or fail to object to the filing against it of) a petition under the United States Bankruptcy Code.

Section 6.2 Remedies of Lehman. Upon the occurrence of an Event of Default described in Section 6.1(a), (b) or (c), Lehman shall have the right to:

(a) cause a Qualified Dealer to sell to the Bond Commission or sell to any other purchaser all of the Eligible Securities which were to be purchased hereunder which have not theretofore been purchased by the Bond Commission;

(b) immediately terminate this Agreement by giving notice thereof to the Bond Commission, the Board and the Issuer; and/or

(c) make demand for the payment of damages, by notice to the Bond Commission, the Board and the Issuer, whereupon the Issuer shall pay to Lehman, as liquidated damages and not as a penalty, on demand, (i) (A) if this Agreement has not been terminated, an amount equal to the Resale Loss Amount (as defined below) for any Eligible Securities which have been sold to a third party or sold to the Bond Commission pursuant to clause (a) above or (B) if this Agreement has been terminated, an amount equal to the total amount required, determined as of the date of demand for such payment by Lehman in good faith, to preserve for Lehman the

economic equivalent of its right to cause to be sold Eligible Securities to the Bond Commission under this Agreement through the termination date described in Section 7.5 hereof and otherwise to compensate Lehman for any losses and costs (including loss of bargain and costs of funding and any amount payable by Lehman to any dealer) that it may incur as a result of the failure of the Bond Commission to purchase such Eligible Securities or the termination of this Agreement, and (ii) without duplication of any costs described in (i) above, any incidental costs and expenses (including reasonable legal fees and expenses) incurred by Lehman and the Qualified Dealer in connection with any resale of such Eligible Securities and the enforcement of its rights hereunder. As used herein "Resale Loss Amount" means with respect to any Eligible Securities, the sum of (x) interest on the Purchase Price of such Eligible Securities for each day from and including the date the Bond Commission failed to purchase such Eligible Securities to but excluding the date on which such Eligible Securities are resold to a third party or to the Bond Commission, (y) the excess, if any, of the Purchase Price of such Eligible Securities over the amount received by the Qualified Dealer upon such resale of the securities (the "Shortfall Amount"), and (z) interest on the Shortfall Amount from and including the resale date to but excluding the date on which the Bond Commission or the Issuer, as applicable, compensates Lehman for its losses as described herein. Interest shall accrue at a rate per annum equal to the Default Rate. As used herein, "Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost to Lehman) to Lehman if it were to fund or of funding the relevant amount plus 1% per annum.

**Section 6.3 Remedies of Issuer.** Upon the occurrence of an Event of Default described in Section 6.1(d) or (e), the Issuer shall have the right to:

(a) direct Lehman to cause a Qualified Dealer to sell to the Bond Commission the Eligible Securities which were to be sold hereunder which have not theretofore been sold to the Bond Commission;

(b) immediately terminate this Agreement by giving notice thereof to the Bond Commission, the Board and Lehman; and/or

(c) make demand for the payment of damages, by notice to the Bond Commission, the Board and Lehman, whereupon Lehman shall pay to the Issuer, as liquidated damages and not as a penalty, on demand, (i)(A) if this Agreement has not been terminated, an amount equal to the Issuer Loss Amount (as defined below) for any Eligible Securities which were to have been sold to the Bond Commission pursuant to clause (a) above or (B) if this Agreement has been terminated, an amount equal to the total amount required, determined as of the date of demand for such payment by Lehman in good faith, to preserve for the Issuer the economic equivalent of the value which the Issuer would receive hereunder upon the sale of Eligible Securities to the Bond Commission under this Agreement through the termination date described in Section 7.5 hereof and otherwise to compensate the Issuer for any losses and costs (including loss of bargain and costs of funding) that it may incur as a result of the failure of Lehman to cause to be sold such Eligible Securities or the termination of this Agreement, and (ii) without duplication of any costs described in (i) above, any incidental costs and expenses (including reasonable legal fees and expenses) incurred by the Issuer in connection with the enforcement of its rights hereunder. As used herein "Issuer Loss Amount" means with respect to any Eligible Securities, the amount

which would have been earned by the Issuer on such Eligible Securities for each day from and including the Bond Payment Date immediately preceding the date the Event of Default under Section 6.1(d) or (e) occurred to but excluding the earlier of the date such Eligible Securities were sold to the Bond Commission or the Bond Payment Date immediately following the date the Event of Default under Section 6.1(d) or (e) occurred, which amount shall be calculated as if the Bond Commission had purchased such Eligible Securities at the Purchase Price thereof.

Section 6.4 No Waiver; Remedies Cumulative. No failure or delay on Lehman's part in exercising any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. Lehman's rights and remedies hereunder are cumulative and not exclusive to any rights or remedies provided by law, this Agreement or otherwise. None of the terms or provisions of this Agreement may be waived, modified or amended except in a writing duly signed by the Issuer, the Bond Commission and Lehman.

Section 6.5 Payments by Issuer Upon Delayed Purchase By Bond Commission.  
In the event the Bond Commission shall fail to purchase any Eligible Securities tendered by the Qualified Dealer and such Eligible Securities are resubmitted to the Bond Commission for purchase as contemplated by Section 6.1(a) hereof and the Bond Commission shall purchase the Eligible Securities when resubmitted, then the Issuer shall pay to Lehman, as liquidated damages and not as a penalty, on demand, interest (calculated at the Default Rate defined herein) on the Purchase Price of such Eligible Securities for each day from and including the date the Bond Commission failed to purchase such Eligible Securities to but excluding the date on which such Eligible Securities are purchased by the Bond Commission.

## SECTION VII. MISCELLANEOUS

Section 7.1 Notices. All notices, demands or other communications hereunder shall be given or made in writing and shall be delivered personally, or sent by certified or registered mail, postage prepaid, return receipt requested, or overnight delivery service, telex or telecopy to the party to whom they are directed at the following addresses, or at such other addresses as may be designated by notice from such party to all other parties:

To Lehman:

Lehman Brothers Special Financing Inc.  
 7th Floor  
 American Express Tower  
 World Financial Center  
 New York, NY 10285  
 Attention: Senior Vice President  
 Telephone: (212) 526-9833  
 Telecopy: (212) 528-6923  
 Bank Name: Chemical Bank, New York  
 ABA # 021000128  
 Account Name: Lehman Brothers Special Financing Inc.  
 Account # 066-143543  
 Further Credit to #098-90020

To the Bond Commission:

West Virginia Municipal Bond Commission  
 812 Quarrier Street, Suite 300  
 Charleston, West Virginia 25301  
 Attention: Executive Director  
 Telephone: (304) 558-3971  
 Telecopy: (304) 558-1280

[FOR DELIVERY OF BOOK-ENTRY GOVERNMENT OBLIGATIONS]

State Street BOS/SPEC/Account ^ V398  
 Public Funds State Street Account 398  
ABA # 0110-0002-8  
Tax I.D. No. 556000800

To the Issuer:

City of Clarksburg, West Virginia  
 Municipal Building  
 227 West Pike Street  
 Clarksburg, West Virginia 26301  
 Attention: City Manager  
Telephone: (304) 624-1673  
Telecopy: (304) 624-1662

To the Board:

Clarksburg Water Board  
 1001 South Chestnut Street

Clarksburg, West Virginia 26101  
Attention: President of Clarksburg Water Board  
Telephone: (304) 623-3711  
Telecopy: (304) 624-5468

Any notice, demand or other communication given in a manner prescribed in this Section 7.2 shall be deemed to have been delivered on receipt.

Section 7.2 Binding Effect; Transfer.

This Agreement shall be binding upon the Issuer, the Bond Commission and Lehman and upon their respective permitted successors and transferees. Lehman shall be entitled to transfer this Agreement, and its interests and obligations hereunder upon notice to the Issuer and the Bond Commission, provided that the transferee shall assume all of the rights and obligations of Lehman hereunder. Such transferee shall immediately become Lehman hereunder upon the delivery of such notice to the Bond Commission and the Issuer. Neither the Issuer or the Bond Commission may transfer this Agreement without the prior written consent of Lehman.

Section 7.3 Limitation. Nothing expressed or implied herein is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto, any right, remedy or claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the parties hereto, and their successors and permitted transferees.

Section 7.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of law principles; provided that, to the extent required by the West Virginia constitution, matters involving the rights of the Issuer, the Board or the Bond Commission shall be governed by the laws of the State of West Virginia.

Section 7.5 Termination. Unless earlier terminated pursuant to Section 6.2 hereof, this Agreement shall terminate on <sup>^</sup> Termination Date.

Section 7.6 Counterparts. This Agreement may be executed in one or more counterparts and when each party hereto has executed at least one counterpart, this Agreement shall become binding on all parties and such counterparts shall be deemed to be one and the same document.

Section 7.7 Severability. If one or more provisions of this Agreement or the applicability of any such provisions to any set of circumstances shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions or the applicability of the same provisions or any of the remaining provisions to other circumstances.

Section 7.8 Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified only by a written document authorized, executed and delivered by each of the parties hereto.

IN WITNESS WHEREOF, the Issuer, the Board, the Bond Commission and Lehman have caused this Debt Service Reserve Fund Agreement to be executed by their respective duly authorized officers, all as of the date and year first above written.

CITY OF CLARKSBURG (WEST VIRGINIA)

[SEAL]

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Manager

Attest:

\_\_\_\_\_  
City Clerk

Approved and Correct as to Form:

\_\_\_\_\_  
City Attorney

CLARKSBURG WATER BOARD

\_\_\_\_\_  
President

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

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

Name:

Title:

LEHMAN BROTHERS SPECIAL FINANCING  
INC.

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

Name:

Title:

EXHIBIT A

[Legal Opinion of Lehman]

[Issuer]

Re: [NAME OF BONDS]

Dear Sirs:

I have acted as counsel to Lehman Brothers Special Financing Inc. ("Lehman"), in connection with its execution and delivery of the Debt Service Reserve Fund Agreement, dated as of \_\_\_\_\_, 199\_ (the "Agreement"), by and among Lehman, \_\_\_\_\_ (the "Issuer"), and \_\_\_\_\_ (the "Bond Commission"). Capitalized terms used herein and not defined herein have the respective meanings given to them in the Agreement.

In rendering this opinion, I have examined, or had examined on my behalf, among other things, a copy of the Agreement.

In connection with the foregoing, I have also examined, or had examined on my behalf, originals or copies satisfactory to me of all such corporate records, agreements, certificates and other documents as I have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity with the authentic original documents of all documents submitted to me as copies.

In giving the opinions expressed below I do not purport to be expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of the State of New York and the General Corporation Law of the State of Delaware and the opinions expressed herein are limited to the laws of the State of New York and the General Corporation Law of the State of Delaware.

Based upon the foregoing examination and review, I am of the opinion that:

- (i) Lehman has full legal right, power and authority to enter into the Agreement.
- (ii) The Agreement has been duly authorized, executed and delivered by Lehman.
- (iii) The Agreement is a legal, valid and binding obligation of Lehman, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to

enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

I am furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

EXHIBIT B

[Legal Opinion of Issuer]

Lehman Brothers Special Financing Inc.  
American Express Tower  
World Financial Center  
New York, NY 10285

Re: [NAME OF BONDS]

Dear Sirs:

We have acted as counsel to \_\_\_\_\_ (the "Issuer") in connection with the execution and delivery by the Issuer of the Debt Service Reserve Fund Agreement, dated as of \_\_\_\_\_, 199\_ (the "Agreement"), by and among the Issuer, \_\_\_\_\_ (the "Bond Commission") and Lehman Brothers Special Financing, Inc. ("Lehman"). Capitalized terms used herein and not defined herein have the respective meanings given to them in the Debt Service Reserve Fund Agreement.

In rendering this opinion, we have examined, among other things, copies of the Agreement and the Bond Ordinance.

In connection with the foregoing, we have also examined originals or copies satisfactory to us of all such corporate records, agreements, certificates and other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity with the original documents of all documents submitted to us as copies.

In giving the opinions expressed below we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of [State of Issuer] (the "State").

Based upon the foregoing examination and review, we are of the opinion that:

(i) The Issuer has full legal right, power and authority to enter into the Agreement and to authorize and direct the Bond Commission to provide for the investment of moneys in the Debt Service Reserve Fund pursuant to the Bond Ordinance by entering into the Debt Service Reserve Fund Agreement.

(ii) The Agreement has been duly authorized, executed and delivered by the Issuer.

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[(iii) The stipulation of New York law as the governing law of the Agreement is enforceable under the laws of the State.]\*

(iv) [Assuming for purposes of the opinion expressed in this paragraph (iv) that State law and New York law are the same,]\* the Agreement is a legal, valid and binding obligation of the Issuer, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(v) The execution and delivery of the Agreement by the Issuer and the performance of its obligations thereunder do not and will not constitute or result in a default under, a breach or violation of, or the creation of any lien or encumbrance on any of its property under its charter or by-laws, or the Bond Ordinance, or any other agreement, instrument, judgment, injunction or order applicable to it or any of its property.

We are furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

\* Insert if state law is other than New York law.

# Lehman Brothers Special Financing, Inc. Sale Notice

Under the ( \_\_\_\_\_ ) Agreement  
Dated as of: ( \_\_\_\_\_ )

To: \_\_\_\_\_, as (Bond Commission/Bond Commission)  
Attention: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_

From: Lehman Government Securities Inc.  
Attention: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Phone: \_\_\_\_\_

Date: ( \_\_\_\_\_ )

Re: ( \_\_\_\_\_ )

**Date and Price**

Purchase Date: ( \_\_\_\_\_ )  
Specified Purchase Price: ( \_\_\_\_\_ )

**Specific Government Obligations**

Cusip	Type	Maturity	Coupon	Face Amount	Maturity Amount	Accrued Interest
( _____ )	( _____ )	( _____ )	( _____ )	( _____ )	( _____ )	( _____ )

**Delivery vs. Payment (Book Entry Delivery)**

On the Purchase Date, LGSI will sell Face Value ( \_\_\_\_\_ ) (BILLS/NOTES) maturing ( \_\_\_\_\_ ) to:

( \_\_\_\_\_ )  
( \_\_\_\_\_ )  
( \_\_\_\_\_ )  
( \_\_\_\_\_ )  
Re: ( \_\_\_\_\_ )

On the Purchase Date, LGSI will receive ( \_\_\_\_\_ )

Chemical Bank NYC/Lehman  
ABA Number 021-000-128  
Account Number 066206677

City of Clarksburg (West Virginia)  
 Waterworks Improvement and Refunding Revenue Bonds  
 Series 1992

THIS SCHEDULE IS WRONG  
 SEE SCHEDULE AT END SEC 3

Sale Date	Bond Payment Date	T-Bill Maturity Date	Purchase Price	Calculated Par Amount	Maturity Amount	Yield	Reserve Requirement	Security Description
05/15/95	09/01/95	08/31/95	1,972,693.06	2,019,000	2,019,000	5.60%	1,972,787.50	6mo T-Bill
09/01/95	03/01/96	02/29/96	1,972,231.40	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill
03/01/96	09/01/96	08/29/96	1,972,231.40	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill
09/01/96	03/01/97	02/27/97	1,971,847.14	2,026,000	2,026,000	5.60%	1,972,787.50	6mo T-Bill
03/01/97	09/01/97	08/28/97	1,972,525.86	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill
09/01/97	03/01/98	02/26/98	1,972,141.62	2,026,000	2,026,000	5.60%	1,972,787.50	6mo T-Bill
03/01/98	09/01/98	08/27/98	1,971,847.14	2,026,000	2,026,000	5.60%	1,972,787.50	6mo T-Bill
09/01/98	03/01/99	02/25/99	1,972,436.20	2,026,000	2,026,000	5.60%	1,972,787.50	6mo T-Bill
03/01/99	09/01/99	08/26/99	1,972,141.62	2,026,000	2,026,000	5.60%	1,972,787.50	6mo T-Bill
09/01/99	03/01/2000	02/24/2000	1,972,730.86	2,026,000	2,026,000	5.60%	1,972,787.50	6mo T-Bill
03/01/2000	09/01/2000	08/31/2000	1,972,615.44	2,028,000	2,028,000	5.60%	1,972,787.50	6mo T-Bill
09/01/2000	03/01/2001	03/01/2001	1,972,231.40	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill
03/01/2001	09/01/2001	08/30/2001	1,971,937.03	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill
09/01/2001	03/01/2002	02/28/2002	1,972,525.86	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill
03/01/2002	09/01/2002	08/29/2002	1,972,231.40	2,027,000	2,027,000	5.60%	1,972,787.50	6mo T-Bill

\* All securities to be delivered must constitute Eligible Securities as defined in the Agreement. In the event of any inconsistencies between the information set forth in this Exhibit D and the Sale Notice delivered pursuant to the Agreement, the information in the Sale Notice shall control.

1

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CITY OF CLARKSBURG  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992  
Debt Service Fund Account Investment Agreement

The undersigned CHARLES C. STEELE, Senior Vice President of FERRIS, BAKER WATTS, INC. (the "Investment Advisor") for and on behalf of the Investment Advisor in connection with the investment of the moneys in the Debt Service Reserve Account for the above-captioned Bonds (the "Bonds") under a Debt Service Reserve Fund Agreement (the "Agreement"), dated May 12, 1995, among the City of Clarksburg (West Virginia) (the "Issuer"), the West Virginia Municipal Bond Commission, the Clarksburg Water Board and Lehman Brothers Special Financing Inc. (the "Provider") hereby certifies that:

1. The Investment Advisor has made a bona fide solicitation for the Agreement and has received at least 3 bona fide bids from providers that have no material financial interest in the Bonds;

2. The Agreement represents the highest yielding investment contract for which a qualifying bid was made (determined net of broker's fees);

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

4. The terms of the Agreement, including collateral security requirements, if any, are reasonable;

5. The Provider has certified the administrative costs that it is paying (or expects to pay) to the Investment Advisor and any other third party; and

6. The administrative costs that are reasonably expected to be paid to third parties in connection with the Agreement by type and amount are set forth below. For this purpose, administrative costs include costs paid for brokerage or selling commissions, legal and accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and similar costs. The administrative costs include only those paid by or on behalf of the Issuer, except that any brokerage commission for the Agreement is included regardless of whether the brokerage commission is paid or incurred on behalf of the Issuer or the Provider.

Brokerage or selling commissions  
Legal and accounting fees  
Investment advisory fees  
Recordkeeping fees  
Safekeeping and custody fees

TOTAL

15,000.00  
~~\$17,000.00~~ *CF*

Dated this 12th day of May, 1995.

FERRIS, BAKER WATTS, INC.

By *Charles C. Stull*  
Its *Senior Vice President*

05/26/95  
CDSRC.E2  
155510/94004



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**O**RRICK, HERRINGTON  
& SUTCLIFFE

May 12, 1995

West Virginia Municipal Bond Commission  
Charleston, West Virginia

City of Clarksburg (West Virginia)  
Clarksburg, West Virginia

Clarksburg Water Board  
Clarksburg, West Virginia

Re: Debt Service Reserve Fund Agreement, dated as of May 12, 1995, among City of Clarksburg (West Virginia), West Virginia Municipal Bond Commission, the Clarksburg Water Board (the "Board") and Lehman Brothers Special Financing Inc.

Ladies and Gentlemen:

This firm has acted as special counsel to Lehman Brothers Special Financing Inc. ("Lehman") in connection with the execution and delivery by Lehman of the Debt Service Reserve Fund Agreement (the "Agreement"), dated as of May 12, 1995, among City of Clarksburg (West Virginia) (the "Issuer"), West Virginia Municipal Bond Commission (the "Bond Commission"), the Clarksburg Water Board (the "Board") and Lehman. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

We are informed by Lehman, and with your permission have assumed to be true, that the Issuer previously issued its Waterworks Improvement and Refunding Revenue Bonds, Series 1992 (the "Bonds"), pursuant to its Waterworks Improvement and Refunding Revenue Bonds, Series 1992 Bond Ordinance (the "Ordinance"), enacted December 17, 1992, as supplemented by a supplemental resolution adopted December 17, 1992, effective following public hearing held on December 17, 1992; that certain amounts are held in the Reserve Account (the "Debt Service Reserve Fund") created by Section 4.02 of the Ordinance; that the Bond Commission is authorized by the Ordinance to invest funds

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1285 Avenue of the Americas • New York, New York 10019-6064  
Telephone 212 326 8801 • Facsimile 212 326 8777  
Los Angeles • Sacramento • San Francisco • Washington, D.C.

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 ORRICK, HERRINGTON  
& SUTCLIFFE

West Virginia Municipal Bond Commission  
City of Clarksburg (West Virginia)  
Clarksburg Water Board  
May 12, 1995  
Page 2

held in the Debt Service Reserve Fund in direct, full faith and credit obligations of the United States of America; and that any money or other property held in the Debt Service Reserve Fund prior to the execution and delivery of the Agreement was not acquired from Lehman.

The Agreement provides that Lehman shall cause a Qualified Dealer to sell, without recourse, to the Bond Commission on specified dates, direct, full faith and credit obligations of the United States of America having specified maturities (the "Eligible Securities"). The Bond Commission pays for such Eligible Securities with funds held by it in the Debt Service Reserve Fund. We have been informed by Lehman and have assumed that such funds are proceeds of amounts already on deposit in the Debt Service Reserve Fund or of previously purchased Eligible Securities. The Bond Commission is required by the terms of the Agreement to purchase Eligible Securities tendered by a Qualified Dealer.

We have been informed by Lehman, and have assumed, that the Eligible Securities are sold by Qualified Dealers to the Bond Commission at purchase prices that produce, as nearly as possible, a specified yield on such Eligible Securities, and as a result, the purchase price of an Eligible Security may exceed the market value thereof. The portion of the purchase price that exceeds the market value of the Eligible Securities is paid to or for the benefit of Lehman, while the balance is paid to the applicable Qualified Dealer. In consideration of the difference between purchase prices and market prices, Lehman, upon execution of the Agreement, pays to the Issuer a specified sum (the "Fee").

You have requested our opinion as to whether, if the sales of Eligible Securities to the Bond Commission were governed by New York law and should Lehman become the debtor in a case under the United States Bankruptcy Code (Title 11, U.S.C.), the Eligible Securities that the Bond Commission holds in the Debt Service Reserve Fund would not be property of the bankruptcy estate of Lehman under 11 U.S.C. § 541(a).

In rendering this opinion, we have reviewed only the Agreement and such matters of law as we have deemed relevant. With your permission, we have assumed that (a) each of the Agreement, the Ordinance, and the Bonds is fully performed

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**O**RRICK, HERRINGTON  
& SUTCLIFFE

West Virginia Municipal Bond Commission  
City of Clarksburg (West Virginia)  
Clarksburg Water Board  
May 12, 1995  
Page 3

according to its terms by all of the parties thereto (including any bankruptcy trustee for Lehman), is valid, binding, and enforceable against all of the parties thereto (including any bankruptcy trustee for Lehman), and complies with all applicable laws, rules, and regulations; (b) there are no agreements between Lehman, on the one hand, and the Bond Commission, the Board, or the Issuer, on the other hand, relating to the money or other property held by the Bond Commission or the Eligible Securities, other than the Agreement; (c) Lehman does not, directly or indirectly, control, is not controlled by, and is not under common control with, the Bond Commission; (d) the Eligible Securities are not assets of Lehman for accounting purposes; (e) all sales of Eligible Securities by Qualified Dealers pursuant to the Agreement are in the manner normally and customarily used in securities markets (except as to price) to sell obligations of the United States and documented through timely confirmations sent by the applicable Qualified Dealer to the Bond Commission, the transactions are settled by payment in full in the manner and within the time periods normally and customarily used in connection with the sale of obligations of the United States, and simultaneously with such settlement, the sold Eligible Securities are transferred into the name of the Bond Commission or its agent (which agent is not Lehman or any affiliate thereof); and (f) there are no circumstances that would give rise to a right in Lehman (including any bankruptcy trustee for Lehman) to rescind the sale to the Bond Commission of any of the Eligible Securities or the payment of the Fee to the Bond Commission. As to factual matters, we have relied without investigation on the representations and warranties set forth in the Agreement.

We have not examined the actual Bonds. The Bonds were originally issued with opinions of bond counsel, not ourselves, with respect to certain matters, including opinions that the Bonds constitute the legal, valid and binding obligations of the Issuer and that interest on the Bonds is excludable from gross income for purposes of federal income tax. In rendering the opinions described herein, we have not passed upon, independently verified, or assumed any responsibility for the opinions of such bond counsel rendered at the date of original issuance of the Bonds. Rather, we have assumed the continuing correctness of such opinions.

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ORRICK, HERRINGTON  
& SUTCLIFFE

West Virginia Municipal Bond Commission  
City of Clarksburg (West Virginia)  
Clarksburg Water Board  
May 12, 1995  
Page 4

As the United States Supreme Court has stated in more than one bankruptcy case, "In the absence of any controlling federal law, 'property' and 'interests in property' are creatures of state law." Barnhill v. Johnson, 112 S. Ct. 1386, 1389 (1992). Accord Nobelman v. American Savings Bank, 113 S. Ct. 2106, 2110 (1993). Thus, for example, courts of appeal have held that in bankruptcy cases, "The existence and nature of a debtor's interest in property is determined by state law." In re Howard's Appliance Corp., 874 F.2d 88, 93 (2d Cir. 1989) (citing cases).

As noted above, this opinion addresses certain legal issues arising if the sales of Eligible Securities to the Bond Commission were governed by New York law.

Under the Agreement, Lehman has the right to cause Qualified Dealers to sell Eligible Securities to the Bond Commission and any Eligible Securities sold by Qualified Dealers under the Agreement are sold without recourse. Thus, Lehman has no right under the Agreement to obtain the return of any Eligible Securities, and has no right under the Agreement to receive any other property held by the Bond Commission (other than in payment of a portion of the purchase price of Eligible Securities). Lehman acknowledges in the Agreement that it has no right or interest in or to any Eligible Securities held by the Bond Commission. We have assumed that each sale of Eligible Securities is made pursuant to standard terms and practices in the securities industry (except as to price) and that the Eligible Securities are not assets of Lehman for accounting purposes. Thus, the Agreement by its terms gives Lehman no more rights in the Eligible Securities than Lehman would have in any other securities that have been sold by a third party pursuant to standard terms and practices.

Based on and subject to the foregoing, as well as the limitations set forth below, and subject to the qualification that there is no case directly on point, we are of the opinion that if the sales of Eligible Securities to the Bond Commission were governed by New York law and should Lehman become the debtor in a case under the Bankruptcy Code, and the matter were properly briefed and presented to a court, the court should hold, based on the terms of the Agreement, that the Eligible Securities held by the Bond Commission in the Debt Service Reserve Fund pursuant to

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ORRICK, HERRINGTON  
& SUTCLIFFE

West Virginia Municipal Bond Commission  
City of Clarksburg (West Virginia)  
Clarksburg Water Board  
May 12, 1995  
Page 5

the Agreement and purchased in the manner set forth in the Agreement would not be property of the bankruptcy estate of Lehman under Section 541(a) of the Bankruptcy Code.

We note that Lehman's rights under the Agreement may be property of Lehman's bankruptcy estate should Lehman become a debtor in a case under the Bankruptcy Code. The Bond Commission, the Issuer, the Board, and the holders of the Bonds may be stayed from taking any acts that the court determines would have the effect of obtaining possession of or exercising control over such rights. We note also that the court may, on an interim basis, impose a temporary or preliminary stay with respect to the Eligible Securities in order to afford itself time to ascertain the facts and apprise itself of the law. See, e.g., In re Leisure Dynamics, 33 B.R. 171 (Bankr. D. Minn. 1983) (letter of credit).

In rendering this opinion, we have not considered the applicability or effect of any state law other than the laws of the State of New York, and thus we do not express any opinion herein as to any matter governed by any law other than the laws of the State of New York and the Bankruptcy Code.

This opinion letter addresses the legal consequences of only the facts existing or assumed as of the date hereof. The opinions expressed herein are based on an analysis of existing laws and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted, events occurring, or changes in the relevant facts, after the date hereof. We have not undertaken to determine, or to inform any person of, the occurrence, or nonoccurrence of any such actions, events or changes. This opinion is solely for your benefit and may not be relied upon or used by, circulated, quoted, or referred to, nor may copies hereof be delivered to, any other person without our prior written approval. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof.

Very truly yours,

*Orrick, Herrington & Sutcliffe*

ORRICK, HERRINGTON & SUTCLIFFE



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

SEVENTH FLOOR, BANK ONE CENTER  
P. O. BOX 1588  
CHARLESTON, W. VA. 25326-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1616  
MORGANTOWN, W. VA. 26507-1616  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
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(304) 263-6991  
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 725-1414  
FACSIMILE (304) 725-1913

THE BRYAN CENTRE  
P. O. BOX 570  
82 WEST WASHINGTON STREET, FOURTH FLOOR  
HAGERSTOWN, MARYLAND 21740-0570  
(301) 739-8600  
FACSIMILE (301) 739-8742

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14TH AND CHAPLINE STREETS  
P. O. BOX 150  
WHEELING, W. VA. 26003-0020  
(304) 233-0000  
FACSIMILE (304) 233-0014

WRITER'S DIRECT DIAL NUMBER

May 12, 1995

City of Clarksburg  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992  
Debt Service Reserve Restructuring

Lehman Brothers Special Financing Inc.  
New York, New York

Clarksburg Water Board  
Clarksburg, West Virginia

City of Clarksburg  
Clarksburg, West Virginia

Ladies and Gentlemen:

We have acted as counsel to the City of Clarksburg (West Virginia) (the "Issuer") and the Clarksburg Water Board (the "Water Board"), in connection with the execution and delivery by the Issuer and the Water Board of the Debt Service Reserve Fund Agreement dated as of May 12, 1995 (the "Agreement"), by and among the Issuer, the Water Board, the West Virginia Municipal Bond Commission (the "Bond Commission") and Lehman Brothers Special Financing Inc. ("Lehman"). Capitalized terms used herein not otherwise defined herein have the respective meanings given to them in the Debt Service Reserve Fund Agreement.

In rendering this opinion, we have examined, among other things, copies of the Agreement and the ordinance (the "Bond Ordinance") pursuant to which the above-captioned bonds (the "Bonds") were issued.

In connection with the foregoing, we have also examined originals or copies satisfactory to us of all such corporate records, agreements, certificates and other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination we have assumed the genuineness of all signatures, the authentication of all documents submitted to us as originals, and the conformity with the original documents of all documents submitted to us as copies.

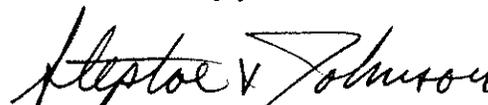
In giving the opinions expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of the State of West Virginia (the "State").

Based upon the foregoing examination and review, we are of the opinion that:

1. The Issuer and the Water Board have full legal right, power and authority to enter into the Agreement and to authorize and direct the Bond Commission to provide for the investment of moneys in the Debt Service Reserve Fund pursuant to the Bond Ordinance by entering into the Agreement.
2. The Agreement has been duly authorized, executed and delivered by the Issuer and the Water Board.
3. The stipulation of New York law as the governing law under the Agreement is enforceable under the laws of the State, provided however, to the extent required by the West Virginia Constitution, matters involving the rights and obligations of the Issuer, the Water Board or the Bond Commission shall be governed by the laws of the State.
4. Assuming for purposes of the opinion expressed in this paragraph 3 that the applicable laws of the State and of the State of New York are the same, the Agreement is a legal, valid and binding obligation of the Issuer and the Water Board, enforceable against each of them in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and the exercise of judicial discretion in appropriate cases.
5. The execution and delivery of the Agreement by the Issuer and the Water Board and the performance of their obligations thereunder do not and will not constitute or result in a default under, a breach or violation of, or the creation of any lien or encumbrance on any of their property under their respective charters or by-laws, or the Bond Ordinance, or any other agreement, instrument, judgment, injunction or order applicable to them or any of their property.

We are furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

  
STEPTOE & JOHNSON



# LEHMAN BROTHERS

May 12, 1995

City of Clarksburg, West Virginia  
227 West Pike Street  
Clarksburg, West Virginia 26301

Clarksburg Water Board  
1001 South Chestnut Street  
Clarksburg, West Virginia 26101

Re: Waterworks Improvement and Refunding Revenue Bonds, Series 1992

Dear Sirs:

I have acted as counsel to Lehman Brothers Special Financing Inc. ("Lehman"), in connection with its execution and delivery of the Debt Service Reserve Fund Agreement, dated as of May 12, 1995 (the "Agreement"), by and among Lehman, City of Clarksburg, West Virginia (the "Issuer"), the Clarksburg Water Board, and the West Virginia Bond Commission (the "Bond Commission"). Capitalized terms used herein and not defined herein have the respective meanings given to them in the Agreement.

In rendering this opinion, I have examined, or had examined on my behalf, among other things, a copy of the Agreement.

In connection with the foregoing, I have also examined, or had examined on my behalf, originals or copies satisfactory to me of all such corporate records, agreements, certificates and other documents as I have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity with the authentic original documents of all documents submitted to me as copies.

In giving the opinions expressed below I do not purport to be expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the laws of the State of New York and the General Corporation Law of the State of Delaware and the opinions expressed herein are limited to the laws of the State of New York and the General Corporation Law of the State of Delaware.

Based upon the foregoing examination and review, I am of the opinion that:

(i) Lehman has full legal right, power and authority to enter into the Agreement.

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(ii) The Agreement has been duly authorized, executed and delivered by Lehman.

(iii) The Agreement is a legal, valid and binding obligation of Lehman, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

I am furnishing this opinion to you solely for your benefit and no other person is entitled to rely hereon. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

A handwritten signature in black ink, appearing to be "SA Miller", written in a cursive style.





# Tetrick, Bartlett & Co.

CERTIFIED PUBLIC ACCOUNTANTS

122 N. Oak St. • P. O. Box 1916 • Clarksburg, WV 26302-1916 • Telephone: (304) 624-5564 • (800) 227-8538 • FAX: (304) 624-5582

May 12, 1995

City of Clarksburg  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992  
Debt Service Reserve Fund Agreement

Clarksburg Water Board  
Clarksburg, West Virginia

Steptoe & Johnson  
Clarksburg, West Virginia

Ladies and Gentlemen:

We have computed the yield on investments of moneys on deposit in the Debt Service Reserve Account (the "Reserve Account") established for the City of Clarksburg's Waterworks Improvement and Refunding Revenue Bonds, Series 1992, from their date of issuance, being December 30, 1992 through May 15, 1995, and the proposed investment of such moneys under a Debt Service Reserve Fund Agreement dated as of May 12, 1995, among the City of Clarksburg, the West Virginia Municipal Bond Commission, the Clarksburg Water Board and Lehman Brothers Special Financing Inc. (the "Agreement") from May 15, 1995 through September 1, 2002.

In our opinion, assuming that all moneys in the Reserve Account are invested pursuant to the Agreement through September 1, 2002, the combined yield on investment of such moneys in the Reserve Account from December 30, 1992 through September 1, 2002, will not exceed the yield on the Bonds.

The term "yield," as used herein, means that yield which, when used in computing the present value of all payments of principal and interest on an obligation compounded semiannually using a 30/360-day year basis, produces an amount equal to (i) in the case of the investment securities in the Reserve Account, the purchase price thereof, and (ii) in the case of the Bonds, the issue price to the public, less the cost of bond insurance.

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MEMBER

• AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

• WEST VIRGINIA SOCIETY  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

• DIVISION FOR CPA FIRMS  
PRIVATE COMPANIES  
PRACTICE SECTION

• TAX DIVISION OF THE AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

• NATIONAL ASSOCIATED  
CPA FIRMS

May 12, 1995

Attached hereto is a summary of the results of our calculations.

Very truly yours,

*Tetrick, Bartlett + Co.*

TETRICK, BARTLETT & CO.

SUMMARY OF REBATE CALCULATIONS (#22)

Issuer: City of Clarksburg  
Description: Waterworks Improvement and Refunding Revenue Bonds,  
Series 1992  
Dated: 12/01/1992  
Delivered: 12/30/1992

1st Investment Date . . . . .	12/30/1992
Anniversary Date . . . . .	03/01/1993
Future Value Date . . . . .	09/01/2002
Arbitrage Yield Limit . . . . .	06.601012
Internal Rate of Return . . . . .	6.3960700
Total Interest Earned . . . . .	\$1,192,332.44
Excess Earnings . . . . .	-\$52,282.74
(ie., rebate amount)	

O R D E R

of the

Municipal Bond Commission  
Charleston, West Virginia

Pursuant to the statutory authority in W. VA. Code Ann. §13-3-4, and §13-3-7, the Executive Committee of the Municipal Bond Commission on behalf of said Commission hereby authorizes and directs the Commission's executive director to purchase or cause to be purchased, if funds are available, for the City of Clarksburg 1992 Waterworks Improvement and Refunding Revenue Bond Reserve account, the following securities from Lehman Brothers Special Financing, Inc. ("the provider"), or its designated agent ("the Qualified Dealer") during the "Sale Period" (being the purchase date and the following seven business days), at the following prices, all as authorized by the "Debt Service Reserve Fund Agreement" dated May 12, 1995, between the City of Clarksburg and Lehman Brothers Special Financing Inc.:

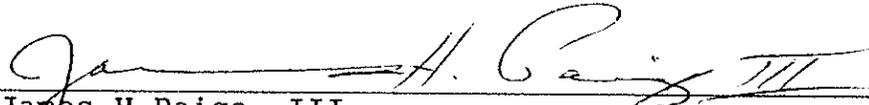
7250

<u>Purchase Date</u>	<u>Principal Amount</u>	<u>Description</u>	<u>Maturity</u>	<u>Purchase Price</u>
05/15/95	2,000,000	US Treasury Bills	08/31/95	1,967,400.44
09/01/95	2,022,000	US Treasury Bills	02/29/96	1,967,366.50
03/01/96	2,022,000	US Treasury Bills	08/29/96	1,967,366.50
09/01/96	2,021,000	US Treasury Bills	02/27/97	1,966,980.78
03/01/97	2,022,000	US Treasury Bills	08/28/97	1,967,660.23
09/01/97	2,021,000	US Treasury Bills	02/26/98	1,967,274.54
03/01/98	2,021,000	US Treasury Bills	08/27/98	1,966,980.78
09/01/98	2,020,000	US Treasury Bills	02/25/99	1,966,594.83
03/01/99	2,021,000	US Treasury Bills	08/26/99	1,967,274.54
09/01/99	2,020,000	US Treasury Bills	02/24/00	1,966,888.62
03/01/00	2,023,000	US Treasury Bills	08/31/00	1,967,751.99
09/01/00	2,022,000	US Treasury Bills	03/01/01	1,967,366.50
03/01/01	2,022,000	US Treasury Bills	08/30/01	1,967,072.86
09/01/01	2,022,000	US Treasury Bills	02/28/02	1,967,660.23
03/01/02	2,022,000	US Treasury Bills	08/29/02	1,967,366.50

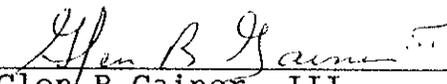
On any purchase date, if the US T-Bill security specified above is not available, the provider may substitute a different direct full faith and credit US Government security, with a maturity not later than the "Bond Payment Date" (March 1 and September 1) following the date of sale thereof, nor a cost greater than the "Reserve Requirement" of \$1,967,812.50.

Municipal Bond Commission Order - Clarksburg Water Reserve

This order dated MAY 15, 1995 approved by:

  
James H Paige, III  
Secretary of Tax and Revenue and ex officio  
Chairman, Municipal Bond Commission

\_\_\_\_\_  
Larrie Bailey  
State Treasurer

  
Glen B Gainer, III  
State Auditor

O R D E R

of the

Municipal Bond Commission  
Charleston, West Virginia

Pursuant to the statutory authority in W. VA. Code Ann. §13-3-4, and §13-3-7, the Executive Committee of the Municipal Bond Commission on behalf of said Commission hereby authorizes and directs the Commission's executive director to purchase or cause to be purchased, if funds are available, for the City of Clarksburg 1992 Waterworks Improvement and Refunding Revenue Bond Reserve account, the following securities from Lehman Brothers Special Financing, Inc. ("the provider"), or its designated agent ("the Qualified Dealer") during the "Sale Period" (being the purchase date and the following seven business days), at the following prices, all as authorized by the "Debt Service Reserve Fund Agreement" dated May 12, 1995, between the City of Clarksburg and Lehman Brothers Special Financing Inc.:

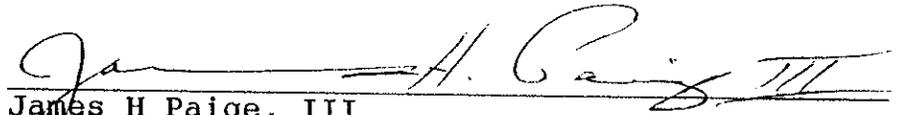
7250

<u>Purchase Date</u>	<u>Principal Amount</u>	<u>Description</u>	<u>Maturity</u>	<u>Purchase Price</u>
05/15/95	2,000,000	US Treasury Bills	08/31/95	1,967,400.44
09/01/95	2,022,000	US Treasury Bills	02/29/96	1,967,366.50
03/01/96	2,022,000	US Treasury Bills	08/29/96	1,967,366.50
09/01/96	2,021,000	US Treasury Bills	02/27/97	1,966,980.78
03/01/97	2,022,000	US Treasury Bills	08/28/97	1,967,660.23
09/01/97	2,021,000	US Treasury Bills	02/26/98	1,967,274.54
03/01/98	2,021,000	US Treasury Bills	08/27/98	1,966,980.78
09/01/98	2,020,000	US Treasury Bills	02/25/99	1,966,594.83
03/01/99	2,021,000	US Treasury Bills	08/26/99	1,967,274.54
09/01/99	2,020,000	US Treasury Bills	02/24/00	1,966,888.62
03/01/00	2,023,000	US Treasury Bills	08/31/00	1,967,751.99
09/01/00	2,022,000	US Treasury Bills	03/01/01	1,967,366.50
03/01/01	2,022,000	US Treasury Bills	08/30/01	1,967,072.86
09/01/01	2,022,000	US Treasury Bills	02/28/02	1,967,660.23
03/01/02	2,022,000	US Treasury Bills	08/29/02	1,967,366.50

On any purchase date, if the US T-Bill security specified above is not available, the provider may substitute a different direct full faith and credit US Government security, with a maturity not later than the "Bond Payment Date" (March 1 and September 1) following the date of sale thereof, nor a cost greater than the "Reserve Requirement" of \$1,967,812.50.

Municipal Bond Commission Order - Clarksburg Water Reserve

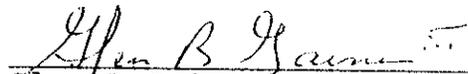
This order dated MAY 15, 1995 approved by:



James H Paige, III  
Secretary of Tax and Revenue and ex officio  
Chairman, Municipal Bond Commission

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Larrie Bailey  
State Treasurer



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Glen B Gainer, III  
State Auditor

OFF SYSTEM TRANSACTION COVER SHEET

AUDITOR ENTRY ID: O 6 153798  
DOCUMENT ID: O 153798

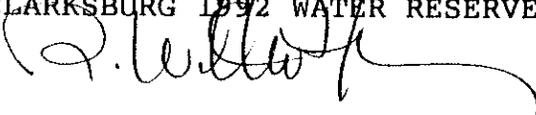
STATE ORGANIZATION: 0706  
STATE ORGANIZATION NAME: MUNICIPAL BOND COMMISSION  
ORGANIZATION CONTACT: WITTER HALLAN  
ORGANIZATION ADDRESS: MUNICIPAL BOND COMMISSION  
812 QUARRIER ST SUITE 300  
CHARLESTON WV 25301-0000

ORGANIZATION: 0706  
ORGANIZATION NAME: MUNICIPAL BOND COMMISSION

DATE PREPARED: 05/15/95

DOCUMENT AMOUNT: 1,967,400.44  
OFF SYSTEM TRANSACTION TYPE: EFT  
WIRE PAYMENT: Y  
DOCUMENT DUE DATE: 05/15/95  
REFERENCE DOCUMENT:  
CONTACT PERSON: WAUNEDA BURNS  
CONTACT PHONE: 304-558-3971 EXT :

COMMENTS: #203 TO PURCHASE INVESTMENTS FOR CITY OF  
CLARKSBURG 1992 WATER RESERVE ACCOUNT

AUTHORIZED SIGNATURE: 

DATE: 5/16/95

APPROVED BY STATE AUDITOR:

DATE:

FUND	FY	ORG	ACT	SRC CLASS	OBJ/ SRC	GRANT	REFUND	AMOUNT
7250	1995	0706	099		118			1,967,400.44
								-----
TOTAL AMOUNT								1,967,400.44





**WEST VIRGINIA  
MUNICIPAL BOND COMMISSION**

**JAMES H. PAIGE III**  
Secretary of Tax and Revenue  
Chairman

**LARRIE BAILEY**  
State Treasurer

**GLEN B. GAINER III**  
State Auditor

Suite 300  
812 Quarrier Street  
Charleston, WV 25301  
(304) 558-3971 / 72  
FAX (304) 558-1280

**LARRY CHAPMAN**  
Member

**JOHN ROACH**  
Member

**R. WITTER HALLAN**  
Executive Director

TO: Rocky Poole

FROM: Witter Hallan *Witter*

DATE: May 16, 1995

RE: Purchase of Investments (Treasury Bills) for the City of  
Clarksburg 1992 Water Reserve account.

1. Enclosed is an order from the Executive Committee of the Municipal Bond Commission authorizing the purchase of U.S. Treasury Bills in the principal amount of \$2,000,000.00. This investment is made under the provisions of a "Debt Service Reserve Fund Agreement" between the City of Clarksburg and Lehman Brothers Special Financing Inc.

2. Enclosed is the notice of Tender from Lehman Brothers.

3. Enclosed is a completed Request for EFT for the payment of this investment.

4. This investment should be held in 7320-10Q (Pool 404) V334.

5. Thank you for your help in this matter.

wb

*Rocky*  
THE SECURITIES  
IN THIS POOL FOR  
FAIRMONT 85  
WATER WILL  
MATURE 7/1/95

*W.*



**STATE OF WEST VIRGINIA  
REQUEST FOR ELECTRONIC FUNDS TRANSFER**

REQUEST NO. 203

DATE PREPARED 05/16/95

AGENCY NO. 0706

SPENDING AGENCY Municipal Bond Commission

PURPOSE To purchase investments for the City of Clarksburg  
1992 Water Reserve Account

FX#	YR#	ACCOUNT NUMBER	LINE ITEM	AMOUNT	STATE BOARD OF INVESTMENTS TO TRANSFER FUNDS TO BANK:	ABA NO.
7250	1995	0706 099	118	1,967,400.44	***See Attached***	
TOTAL				1,967,400.44		

Wauneda Burns  
PREPARED BY

8-3971  
TELEPHONE NO.

  
AUTHORIZED SIGNATURE

Executive Director  
TITLE



O R D E R

of the

Municipal Bond Commission  
Charleston, West Virginia

Pursuant to the statutory authority in W. VA. Code Ann. §13-3-4, and §13-3-7, the Executive Committee of the Municipal Bond Commission on behalf of said Commission hereby authorizes and directs the Commission's executive director to purchase or cause to be purchased, if funds are available, for the City of Clarksburg 1992 Waterworks Improvement and Refunding Revenue Bond Reserve account, the following securities from Lehman Brothers Special Financing, Inc. ("the provider"), or its designated agent ("the Qualified Dealer") during the "Sale Period" (being the purchase date and the following seven business days), at the following prices, all as authorized by the "Debt Service Reserve Fund Agreement" dated May 12, 1995, between the City of Clarksburg and Lehman Brothers Special Financing Inc.:

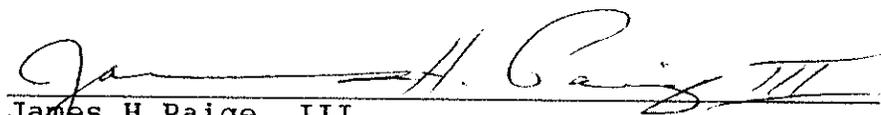
7250

<u>Purchase Date</u>	<u>Principal Amount</u>	<u>Description</u>	<u>Maturity</u>	<u>Purchase Price</u>
05/15/95	2,000,000	US Treasury Bills	08/31/95	1,967,400.44
09/01/95	2,022,000	US Treasury Bills	02/29/96	1,967,366.50
03/01/96	2,022,000	US Treasury Bills	08/29/96	1,967,366.50
09/01/96	2,021,000	US Treasury Bills	02/27/97	1,966,980.78
03/01/97	2,022,000	US Treasury Bills	08/28/97	1,967,660.23
09/01/97	2,021,000	US Treasury Bills	02/26/98	1,967,274.54
03/01/98	2,021,000	US Treasury Bills	08/27/98	1,966,980.78
09/01/98	2,020,000	US Treasury Bills	02/25/99	1,966,594.83
03/01/99	2,021,000	US Treasury Bills	08/26/99	1,967,274.54
09/01/99	2,020,000	US Treasury Bills	02/24/00	1,966,888.62
03/01/00	2,023,000	US Treasury Bills	08/31/00	1,967,751.99
09/01/00	2,022,000	US Treasury Bills	03/01/01	1,967,366.50
03/01/01	2,022,000	US Treasury Bills	08/30/01	1,967,072.86
09/01/01	2,022,000	US Treasury Bills	02/28/02	1,967,660.23
03/01/02	2,022,000	US Treasury Bills	08/29/02	1,967,366.50

On any purchase date, if the US T-Bill security specified above is not available, the provider may substitute a different direct full faith and credit US Government security, with a maturity not later than the "Bond Payment Date" (March 1 and September 1) following the date of sale thereof, nor a cost greater than the "Reserve Requirement" of \$1,967,812.50.

Municipal Bond Commission Order - Clarksburg Water Reserve

This order dated MAY 15, 1995 approved by:



James H Paige, III  
Secretary of Tax and Revenue and ex officio  
Chairman, Municipal Bond Commission

---

Larrie Bailey  
State Treasurer



---

Glen B Gainer, III  
State Auditor

# Lehman Brothers Special Financing, Inc.

## Notice of Tender

Under the Debt Service Reserve Fund

Dated as of: 05/12/95

To: West Virginia Municipal Bond Commission  
Attention: Attn: Executive Director  
Fax: 304-558-1280  
Phone: 304-558-3971

1/1

From: Lehman Government Securities Inc.  
Attention: Pat Appel  
Fax: 212-528-6923/7  
Phone: 212-526-9833

Date: 05/11/95

Re: City of Clarksburg, West Virginia  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992

Purchase Date: 05/<sup>16</sup>~~15~~/95

Specified Purchase Price: 5.60000000<sup>0</sup>/<sub>8</sub> YIELD

### Specific U.S. Government Obligations

Cusip	Type	Maturity	Coupon	Face Amount	Maturity Amount	Accrued Interest
912794U69	BILL	08/31/95	0.0000	\$2,000,000	\$2,000,000.00	\$0.00

### Delivery vs. Payment (Book Entry Delivery)

On the Purchase Date, LGSI will deliver Face value \$2,000,000 BILLS maturing 08/31/95 to :

State Street BOS/SPEC  
ABA 011000028  
Public Funds State Street Account 398  
Account ^V398

Re: City of Clarksburg, West Virginia  
Waterworks Improvement and Refunding Revenue Bonds, Series 1992

On the Purchase Date, LGSI will receive \$1,967,400.44

Chemical Bank NYC/Lehman  
ABA Number 021-000-128  
Account Number 066206677

MTS 0  
ff id # 572



OPERATING FUND PURCHASE FORM

DOCUMENT NUMBER \_\_\_\_\_  
 CLEARING BANK SSB  
 TRADE DATE 5 / 12 / 95  
 SETTLEMENT DATE 5 / 16 / 95  
 1ST PAYMENT DATE 8 / 31 / 95  
 ISSUE/LAST INT 5 / 16 / 95  
 MATURITY DATE 8 / 31 / 95  
 ODD FIRST COUPON \_\_\_\_\_ DTC \_\_\_\_\_

CUSIP 912794469  
 DESCRIPTION TBills  
 SECURITY CODE 07  
 COUPON RATE -0- YIELD 5.60  
 MOODY RATING AAA  
 S & P RATING AAA  
 BROKER CODE 00636 NAME Lehman Special Sec.  
 BROKER BANK Chemical

FIMS#	ORG#	SSB#	PAR VALUE	PRIN COST	PURCHASE INT	MATURING INT	LOT #
9400	1200	V322	_____	_____	_____	_____	_____
8573	5000	V363	_____	_____	_____	_____	_____
8578	5000	V330	_____	_____	_____	_____	_____
8591	5000	V340	_____	_____	_____	_____	_____
8593	5000	V361	_____	_____	_____	_____	_____
8593	5000	V362	_____	_____	_____	_____	_____
8596	5000	V329	_____	_____	_____	_____	_____
<b>7250</b>	<b>0706</b>	<b>V334</b>	<b>2,000,000.00</b>	<b>1,967,400.44</b>	_____	<b>32,599.56</b>	_____
<b>TOTAL</b>		<b>V398</b>	<b>2,000,000.00</b>	<b>1,967,400.44</b>	_____	<b>32,599.56</b>	_____

- | BID                 | DEALER            |
|---------------------|-------------------|
| 1) <u>98.370022</u> | <u>Lehman</u>     |
| 2) <u>by</u>        | <u>/ contract</u> |
| 3) _____            | <u>/</u>          |
| 4) _____            | <u>/</u>          |

- | BID      | DEALER   |
|----------|----------|
| 5) _____ | <u>/</u> |
| 6) _____ | <u>/</u> |
| 7) _____ | <u>/</u> |
| 8) _____ | <u>/</u> |

TRADER \_\_\_\_\_

CONFIRMED BY RP

ADDITIONAL COMMENTS

Done by Municipal Bond Commission, requires their signature



City of Clarksburg (West Virginia)  
 Waterworks Improvement and Refunding Revenue Bonds  
 Series 1992

EXHIBIT D

Sale Date	Bond Payment Date	T-Bill Maturity Date	Purchase Price	Calculated Par Amount	Maturity Amount	Yield	Reserve Requirement	Security Description
05/15/95	09/01/95	08/31/95	1,967,400.44	2,000,000	2,000,000	5.60%	1,967,812.50	6mo T-Bill
09/01/95	03/01/96	02/29/96	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
03/01/96	09/01/96	08/29/96	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
09/01/96	03/01/97	02/27/97	1,966,980.78	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
03/01/97	09/01/97	08/28/97	1,967,660.23	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
09/01/97	03/01/98	02/26/98	1,967,274.54	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
03/01/98	09/01/98	08/27/98	1,966,980.78	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
09/01/98	03/01/99	02/25/99	1,966,594.83	2,020,000	2,020,000	5.60%	1,967,812.50	6mo T-Bill
03/01/99	09/01/99	08/26/99	1,967,274.54	2,021,000	2,021,000	5.60%	1,967,812.50	6mo T-Bill
09/01/99	03/01/2000	02/24/2000	1,966,888.62	2,020,000	2,020,000	5.60%	1,967,812.50	6mo T-Bill
03/01/2000	09/01/2000	08/31/2000	1,967,751.99	2,023,000	2,023,000	5.60%	1,967,812.50	6mo T-Bill
09/01/2000	03/01/2001	03/01/2001	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
03/01/2001	09/01/2001	08/30/2001	1,967,072.86	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
09/01/2001	03/01/2002	02/28/2002	1,967,660.23	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill
03/01/2002	09/01/2002	08/29/2002	1,967,366.50	2,022,000	2,022,000	5.60%	1,967,812.50	6mo T-Bill

\* All securities to be delivered must constitute Eligible Securities as defined in the Agreement. In the event of any inconsistencies between the information set forth in this Exhibit D and the Sale Notice delivered pursuant to the Agreement, the information in the Sale Notice shall control.

RECEIVED

JUN 5 1995

MBC

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

June 1, 1995

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 725-1414

FACSIMILE (304) 725-1913

THE BRYAN CENTRE

P. O. BOX 570

82 WEST WASHINGTON STREET, FOURTH FLOOR

HAGERSTOWN, MARYLAND 21740-0570

(301) 739-8600

FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

WRITER'S DIRECT DIAL NUMBER

(304)624-8161

SEVENTH FLOOR, BANK ONE CENTER  
P. O. BOX 1588  
CHARLESTON, W. VA. 25320-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1816  
MORGANTOWN, W. VA. 26507-1818  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25401-5429  
(304) 263-6991  
FACSIMILE (304) 263-4785

City of Clarksburg  
Water Revenue Bonds, Series 1992 Debt Service Reserve Fund Agreement

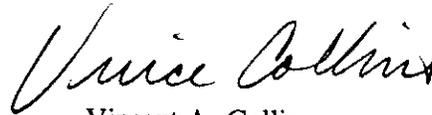
TO ALL ON ATTACHED DISTRIBUTION LIST

Gentlemen:

Enclosed is a compilation of documents for the Debt Service Reserve Fund Agreement transaction. Please briefly review this transcript before filing it away and call me if you have any questions or if any pages or documents are missing.

My best regards.

Very truly yours,



Vincent A. Collins

VAC/cab  
Enclosure  
060195.L01  
155510/94004

DISTRIBUTION LIST FOR CITY OF CLARKSBURG  
WATER REVENUE BONDS, SERIES 1992 DEBT SERVICE RESERVE RESTRUCTURING

Mr. Ronald Ashbaker  
General Manager  
City of Clarksburg  
1001 South Chestnut Street  
Clarksburg, West Virginia 26301-4254

Mr. Charles C. Steele  
Ferris, Baker Watts, Incorporated  
100 Light Street  
Baltimore, Maryland 21202

Al B. Sawyers, Esquire  
Orrick, Herrington & Sutcliffe  
1285 Avenue of the Americas  
New York, New York 10285-1000

Mr. R. Witter Hallan  
Executive Director  
West Virginia Municipal Bond Commission  
812 Quarrier Street, Suite 300  
Charleston, West Virginia 25301

Paul Shives, City Manager  
City of Clarksburg  
Municipal Building  
227 West Pike Street  
Clarksburg, West Virginia 26301

06/01/95  
DISTL.T  
155510/94004

O R D E R

of the

Municipal Bond Commission  
Charleston, West Virginia

Pursuant to the statutory authority in W. VA. Code Ann. §13-3-4, and §13-3-7, the Executive Committee of the Municipal Bond Commission on behalf of said Commission hereby authorizes and directs the Commission's executive director to purchase or cause to be purchased, if funds are available, for the City of Clarksburg 1992 Waterworks Improvement and Refunding Revenue Bond Reserve account, the following securities from Lehman Brothers Special Financing, Inc. ("the provider"), or its designated agent ("the Qualified Dealer") during the "Sale Period" (being the purchase date and the following seven business days), at the following prices, all as authorized by the "Debt Service Reserve Fund Agreement" dated May 12, 1995, between the City of Clarksburg and Lehman Brothers Special Financing Inc.:

7250

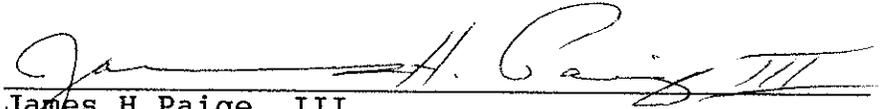
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Municipal Bond Commission Order - Clarksburg Water Reserve

This order dated MAY 15, 1995 approved by:



James H Paige, III  
Secretary of Tax and Revenue and ex officio  
Chairman, Municipal Bond Commission

---

Larrie Bailey  
State Treasurer



---

Glen B Gainer, III  
State Auditor

